



COUNCIL CHAMBERS

17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

REDEVELOPMENT AGENCY

Dennis Kennedy, Chairperson
Steve Tate, Vice-Chairperson
Larry Carr, Agency Member
Mark Grzan, Agency Member
Greg Sellers, Agency Member

COUNCIL MEMBERS

Dennis Kennedy, Mayor
Steve Tate, Mayor Pro Tempore
Larry Carr, Council Member
Mark Grzan, Council Member
Greg Sellers, Council Member

REMOTE LOCATION PARTICIPANT

Steve Tate, Vice-Chair/Mayor Pro Tempore
6825 E. 4th Street
Scottsdale, AZ 85251
(Closed Sessions Only)

WEDNESDAY, MARCH 23, 2005

AGENDA

JOINT MEETING

REDEVELOPMENT AGENCY REGULAR MEETING

and

CITY COUNCIL SPECIAL MEETING

7:00 P.M.

***A Special City Council Meeting Is Called at 7:00 P.M.
for the Purpose of Conducting City Business and
Closed Sessions.***

Dennis Kennedy, Chairman/Mayor

CALL TO ORDER

(Chairperson/Mayor Kennedy)

ROLL CALL ATTENDANCE

(Agency Secretary/City Clerk Torrez)

DECLARATION OF POSTING OF AGENDA

Per Government Code 54954.2

(Agency Secretary/City Clerk Torrez)

7:00 P.M.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

PROCLAMATION

April is Fair Housing Month

Veronica Navarro, Project Sentinel

CITY COUNCIL SUBCOMMITTEE REPORTS

OTHER REPORTS

PUBLIC COMMENT

NOW IS THE TIME FOR COMMENTS FROM THE PUBLIC REGARDING ITEMS NOT ON THIS AGENDA.
(See notice attached to the end of this agenda.)

**PUBLIC COMMENTS ON ITEMS APPEARING ON THIS AGENDA WILL BE TAKEN AT THE TIME
THE ITEM IS ADDRESSED BY THE COUNCIL. PLEASE COMPLETE A SPEAKER CARD AND
PRESENT IT TO THE CITY CLERK.**
(See notice attached to the end of this agenda.)

**PLEASE SUBMIT WRITTEN CORRESPONDENCE TO THE CITY CLERK/AGENCY SECRETARY. THE
CITY CLERK/AGENCY SECRETARY WILL FORWARD CORRESPONDENCE TO THE CITY
COUNCIL/REDEVELOPMENT AGENCY.**

Redevelopment Agency Action

CONSENT CALENDAR:

ITEM 1

The Consent Calendar may be acted upon with one motion, a second and the vote, by each respective Agency. The Consent Calendar items are of a routine or generally uncontested nature and may be acted upon with one motion. Pursuant to Section 5.1 of the City Council Rules of Conduct, any member of the Council or public may request to have an item pulled from the Consent Calendar to be acted upon individually.

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
1.	<u>FEBRUARY 2005 REDEVELOPMENT AGENCY FINANCE & INVESTMENT REPORT</u>6 <u>Recommended Action(s):</u> <u>Accept</u> and <u>File</u> Report.	

City Council Action

CONSENT CALENDAR:

ITEMS 2-8, and Item 15

	Time Estimate	Page
	Consent Calendar: 1 - 10 Minutes	
2.	<u>FEBRUARY 2005 CITY FINANCE & INVESTMENT REPORT</u>15 <u>Recommended Action(s):</u> <u>Accept</u> and <u>File</u> Report.	
3.	<u>AWARD BUTTERFIELD BOULEVARD-SAN PEDRO AVENUE SEWER TRUNK PROJECT</u>39 <u>Recommended Action(s):</u> 1. <u>Award</u> Contract to McGuire and Hester for the Construction of the Butterfield Boulevard/San Pedro Avenue Sewer Trunk Project in the Amount of \$303,190, Subject to Review and Approval by the City Attorney; 2. <u>Authorize</u> the Expenditure of Construction Contingency Funds, Not to Exceed \$30,319; and 3. <u>Appropriate</u> \$133,500 From the Un-Appropriated Sewer Capital Expenditure Fund (AB1600).	
4.	<u>WILDLIFE EDUCATION AND INTERPRETATION AREA DESIGNATION</u>40 <u>Recommended Action(s):</u> <u>Approve</u> Resolution.	
5.	<u>TRAILS GRANT PROPOSALS AUTHORIZATION</u>43 <u>Recommended Action(s):</u> <u>Adopt</u> the Resolution Authorizing the Filing of Three Separate Applications for Local Assistance Funds from the Trails and Open Space Grant Program Under the Clean, Safe Creeks and Natural Flood Protection Program of 2000.	
6.	<u>CONTRACT FOR WORKERS' COMPENSATION THIRD PARTY ADMINISTRATOR (TPA)</u>46 <u>Recommended Action(s):</u> <u>Authorize</u> the City Manager to Execute a Consultant Services Agreement for Third Party Administration of Worker's Compensation at a Cost Not to Exceed \$48,000 Annually, and \$68,000 Over the Term of the Agreement; Subject to Review and Approval by the City Attorney.	
7.	<u>RESOLUTION SUPPORTING RETENTION OF COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)</u>57 <u>Recommended Action(s):</u> 1. <u>Adopt</u> Resolution Requesting that Congress Retain the CDBG Program as a Separate and Distinct Program with Fiscal Year 2006 Funding at the Same Levels as in Fiscal Year 2005, Including Using the Current System of Allocations.; and 2. <u>Direct Staff to Send</u> the Resolution to Both of California's United States Senators, Morgan Hill's Congressional Representative and the League of California Cities.	

Time Estimate **Page**
Consent Calendar: 1 - 10 Minutes

8. [**PUBLIC-PRIVATE PARTNERSHIP OF THE OUTDOOR SPORTS COMPLEX REQUEST FOR PROPOSALS SUBMITTAL**](#)60
Recommended Action(s): Confirm Evaluative Process with the Sole Applicant.

Redevelopment Agency Action

PUBLIC HEARINGS:
Time Estimate

Page

9. **30 Minutes** [**COMMUNITY DEVELOPMENT BLOCK GRANT \(CDBG\) ANNUAL ALLOCATION \(FISCAL YEAR 2005-2006\)**](#)61
Public Hearing Opened.
Please Limit Your Remarks to 3 Minutes. Public Hearing Closed
Council Discussion.
Action- **Adopt** Resolution for Appropriation of Fiscal Year 2005-2006 CDBG Funds.
Action- **Appropriate** Carry-Over of Approximately \$12,773 from Fiscal Year 2004-2005.
Action- **Authorize** the City Manager to do Everything Necessary for the Implementation of the CDBG Program, Including Execution of all Required Contracts.

City Council Action

OTHER BUSINESS:
Time Estimate

Page

10. **30 Minutes** [**PROPOSED VALLEY TRANSPORTATION AUTHORITY \(VTA\) LONG-TERM TRANSIT CAPITAL INVESTMENT PROGRAM**](#)65
Recommended Action(s): Receive Presentation from VTA Staff on Proposed Long-Term Transit Capital Investment Program and **Provide a Position** on the Proposed Plan.
11. **5 Minutes** [**LEASE WITH SOLARA ENERGY**](#)66
Recommended Action(s):
1. **Authorize** the City Manager to Negotiate, Prepare, Execute, and Implement a Five-Year Lease Agreement with Solara Energy to Lease the 6,080 Square Foot Space Adjacent to the Police Station at 16200 Vineyard Boulevard; Subject to the Terms Stated in the Staff Report; and
2. **Appropriate** \$40,000 From the Police Facility Bond Proceeds to Fund the City's Improvements Needed to Lease the space.
12. **5 Minutes** [**APPROVE PURCHASE AND INSTALLATION OF SECOND SLIDE FROM WHITEWATER WEST INDUSTRIES AND CALIFORNIA COMMERCIAL POOLS FOR AQUATICS CENTER**](#)67
Recommended Action(s): To Be Presented at the Meeting.

OTHER BUSINESS:

	Time Estimate		Page
13.	10 Minutes	<u>REQUEST FOR SPONSORSHIP OF THE 26TH ANNUAL MORGAN HILL MUSHROOM MARDI GRAS EVENT</u>	68
		Recommended Action(s): <u>Consider</u> Request by Morgan Hill Mushroom Mardi Gras for \$10,000 Sponsorship of the 26 th Annual Mushroom Mardi Gras Event.	
14.	5 Minutes	<u>9TH ANNUAL SACRAMENTO ADVOCACY TRIP</u>	69
		Recommended Action(s): <u>Council Direction</u> .	

City Council Action

CONSENT CALENDAR: (CONTINUED)

ITEM 15

	Time Estimate		Page
		Consent Calendar: 1 - 10 Minutes	
15.		<u>CLOR-TEC CHLORINE GENERATION SYSTEM SOLE SOURCE REQUEST FOR AQUATICS CENTER CAPITAL IMPROVEMENT PURCHASE AND INSTALLATION</u>	70
		Recommended Action(s): <u>Approve</u> Staff's Request to Sole Source the Purchase of a Chlorine Generation System from Severn Trent Services as a Recommended Item from the Capital Improvement List for the Aquatics Center.	

FUTURE COUNCIL-INITIATED AGENDA ITEMS:

Note: in accordance with Government Code Section 54954.2(a), there shall be no discussion, debate and/or action taken on any request other than providing direction to staff to place the matter of business on a future agenda.

Redevelopment Agency Action and City Council Action

CLOSED SESSION:

1.
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION
Authority: Government Code Sections 54956.9(b) & (c)
Number of Potential Cases: 4

OPPORTUNITY FOR PUBLIC COMMENT

ADJOURN TO CLOSED SESSION

RECONVENE

CLOSED SESSION ANNOUNCEMENT

ADJOURNMENT



REDEVELOPMENT AGENCY
STAFF REPORT

MEETING DATE: *March 23, 2005*

FEBRUARY 2005 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY: Attached is the monthly Finance and Investment Report of the Redevelopment Agency of the City of Morgan Hill for the month of February 2005. The report covers activity for the first eight months of the 2004/2005 fiscal year. A summary of the report is included on the first page for the Board's benefit.

The Redevelopment Agency monthly Finance and Investment Report is presented to the Agency Board and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity of the Redevelopment Agency.

FISCAL IMPACT: As presented.

Agenda Item # 1

Prepared By:

Finance Director

Submitted By:

Executive director

**REDEVELOPMENT AGENCY OF
THE CITY OF MORGAN HILL**

Monthly Financial and Investment Reports

February 28, 2005 – 67% Year Complete



**CITY OF MORGAN HILL
REDEVELOPMENT AGENCY**

Prepared by:

FINANCE DEPARTMENT



REDEVELOPMENT AGENCY OF THE CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF FEBRUARY 2005 - 67% OF YEAR COMPLETE

Revenues

Through February 28, the Redevelopment Agency received \$10,556,349, or 49% of the budget, in property tax increment revenues. The Redevelopment Agency, as of February 28, 2005, has collected \$100,000,000 in tax increment revenue under the original plan and has collected \$92,353,026, net of pass-through obligations to other agencies, toward the plan amendment cap of \$147,000,000. All tax increment revenues collected during 2004/2005 were collected under the plan amendment.

An amount of \$373,758 in interest earnings and other income was received through February 28. Additional interest earnings for January and February have not yet been apportioned, but will be apportioned in April 2005 following the quarter ended March 31.

Expenditures

Total Redevelopment Agency Capital Projects expenditures and encumbrances equaled \$7,766,548 and were 35% of budget. Of this total, \$2,301,391 represented encumbrances for capital projects and other commitments. If the encumbrances were excluded, the RDA would have spent only 25% of the budget. Expenditures for administrative costs for employee services, supplies, and contract services were 56% of budget. Through February 2005, CIP project expenditures totaled \$3,070,106, including \$300,517 for Tennant Avenue Widening, \$915,019 for the Indoor Recreation Center, \$531,338 for the Aquatics Center, and \$367,478 for 2003/04 Street Resurfacing.

Expenditures plus encumbrances for Housing were at 35% of the budget for a total of \$2,336,668.

All of the 2004/05 housing Redevelopment expenditures have been funded with tax increment collected under the plan amendment.

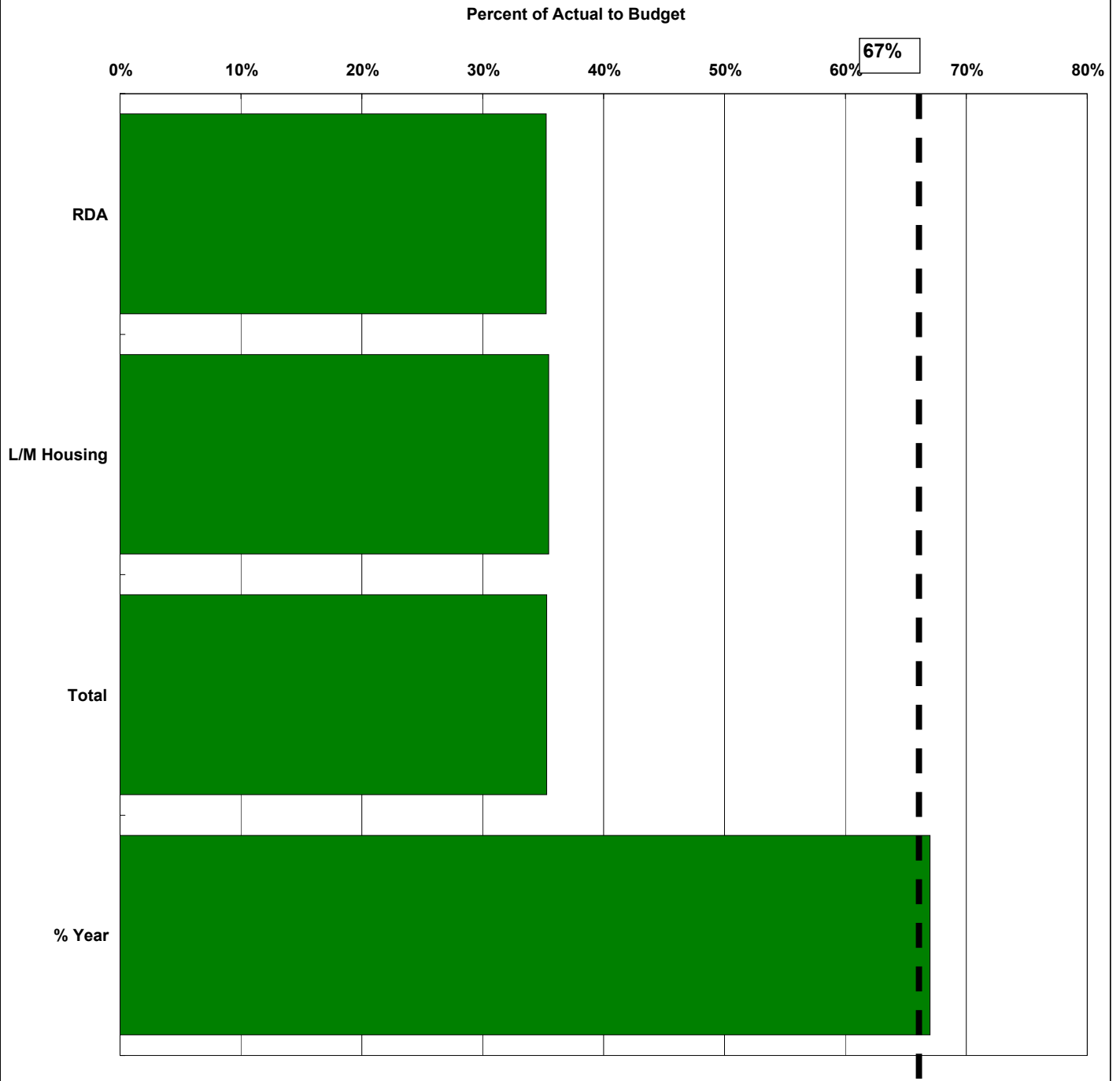
Fund Balance

The unreserved fund balance of \$4,492,295 for the Capital Projects Fund at February 28, 2005, consisted entirely of monies collected under the plan amendment. The unreserved fund balance included future obligations to pay an additional \$2.7 million for the Courthouse Facility and \$1.61 million for the Lomanto property should the Agency agree to execute its option to purchase in accordance with the agreement. If all these future commitments were subtracted from the \$4,492,295, the remaining unreserved fund balance at February 28 would be \$182,295. However, these commitments are expected to be paid out over the next 2 to 3 years. Property tax increment receipts in the near future will provide the resources necessary to carry the Agency through the remainder of this fiscal year. The Capital Projects Fund cash balance at February 28 was \$7,534,770.

The unreserved fund balance of \$6,999,857 for the Housing Fund at February 28 consisted of funds all collected under the plan amendment.



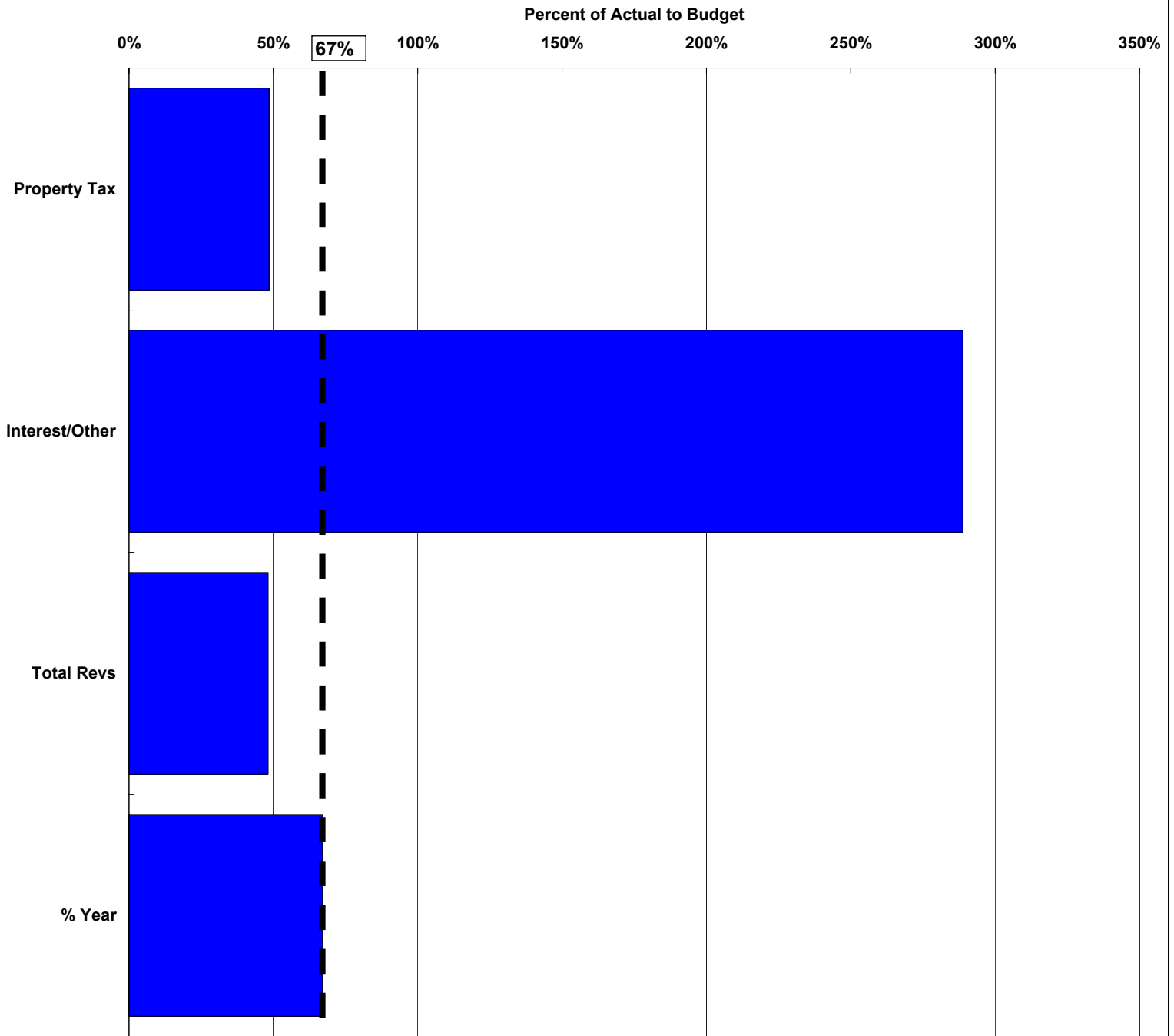
Redevelopment Agency YTD Expenditures



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
CAPITAL PROJECTS	\$22,036,658	\$7,766,548	35%
HOUSING	6,589,093	2,336,668	35%
TOTALS	\$28,625,751	\$10,103,216	35%



Redevelopment Agency YTD Revenues



REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY TAXES	\$21,786,218	\$10,556,349	49%	\$9,551,420	11%
INTEREST INCOME/RENTS/OTHER	\$129,408	\$373,758	289%	\$1,848,701	-80%
TOTALS	\$22,694,602	\$10,930,107	48%	\$11,400,121	-4%



Redevelopment Agency
 Fund Balance Report - Fiscal Year 2004/05
 For the Month of February 2005
 67% of Year Complete

Fund No.	Fund	Unaudited Fund Balance 06-30-04	Revenues		Expenditures		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted
317	CAPITAL PROJECTS	\$3,864,214	8,465,678	47%	5,465,157	25%	3,000,521	2,372,440	4,492,295	\$7,534,770	
327/328	HOUSING	\$6,872,096	2,464,429	51%	2,264,503	34%	199,926	72,165	\$6,999,857	\$7,204,342	
TOTAL CAPITAL PROJECT FUNDS		\$10,736,310	10,930,107	48%	7,729,660	27%	3,200,447	2,444,605	11,492,152	14,739,112	
SUMMARY BY FUND TYPE											
	CAPITAL PROJECTS GROUP	\$10,736,310	10,930,107	48%	7,729,660	27%	3,200,447	2,444,605	11,492,152	14,739,112	
TOTAL ALL GROUPS		\$10,736,310	10,930,107	48%	7,729,660	27%	3,200,447	2,444,605	11,492,152	14,739,112	
TOTAL CASH AND INVESTMENTS										14,739,112	

¹ Amount reserved for encumbrances, fixed asset replacement, long-term receivables



Redevelopment Agency
Year to Date Revenues - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Complete

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGETED	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCREASE (DECREASE) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
317 CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	17,048,868	17,048,868	8,213,670	48%	7,343,297	870,373	12%
Development Agreements			-	n/a	-	-	n/a
Interest Income, Rents	17,031	17,031	98,491	578%	122,746	(24,255)	-20%
Other Agencies/Current Charges	-	778,976	153,517	n/a	1,650,116	(1,496,599)	-91%
TOTAL CAPITAL PROJECTS	17,065,899	17,844,875	8,465,678	47%	9,116,159	(650,481)	-7%
327/328 HOUSING							
Property Taxes & Supplemental Roll	4,737,350	4,737,350	2,342,679	49%	2,208,123	134,556	6%
Interest Income, Rent	112,277	112,277	120,980	108%	74,766	46,214	62%
Other	100	100	770	770%	1,073	(303)	-28%
TOTAL HOUSING	4,849,727	4,849,727	2,464,429	51%	2,283,962	180,467	8%
TOTAL CAPITAL PROJECTS FUNDS	21,915,626	22,694,602	10,930,107	48%	11,400,121	(470,014)	-4%



Redevelopment Agency
Year to Date Expenditures - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Complete

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENDITURES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENDITURES	OUTSTANDING ENCUMBRANCES	TOTAL ALLOCATED	% OF TOTAL TO BUDGET
317 CAPITAL PROJECTS								
	BAHS Administration	96,590	1,545,675	1,596,269	820,811	78,764	899,575	56%
	BAHS Economic Development	34,219	3,125,435	4,276,939	1,574,240	280,491	1,854,731	43%
	BAHS CIP	<u>254,730</u>	<u>8,782,152</u>	<u>16,163,450</u>	<u>3,070,106</u>	<u>1,942,136</u>	<u>5,012,242</u>	<u>31%</u>
	TOTAL CAPITAL PROJECTS	<u>385,539</u>	<u>13,453,262</u>	<u>22,036,658</u>	<u>5,465,157</u>	<u>2,301,391</u>	<u>7,766,548</u>	<u>35%</u>
327 AND 328 HOUSING								
	Housing	<u>130,864</u>	<u>5,824,189</u>	<u>6,589,093</u>	<u>2,264,503</u>	<u>72,165</u>	<u>2,336,668</u>	<u>35%</u>
	TOTAL HOUSING	<u>130,864</u>	<u>5,824,189</u>	<u>6,589,093</u>	<u>2,264,503</u>	<u>72,165</u>	<u>2,336,668</u>	<u>35%</u>
	TOTAL CAPITAL PROJECT FUND	516,403	19,277,451	28,625,751	7,729,660	2,373,556	10,103,216	35%



Redevelopment Agency of the City of Morgan Hill
Balance Sheet Report - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Complete

	CAPITAL PROJECTS (Fund 317)	Housing (Fund 327/328)
ASSETS		
Cash and investments:		
Unrestricted	7,534,770	7,204,342
Accounts Receivable	221	32,959
Loans Receivable ¹	3,597,879	28,384,794
Advance to Other Funds		
Fixed Assets ²	71,049	
Other Assets		
Total Assets	11,203,919	35,622,095
LIABILITIES		
Accounts Payable and Accrued Liabilities	713,465	19,949
Deferred Revenue ³	3,625,719	28,530,124
Accrued Vacation and Comp Time		
Total liabilities	4,339,184	28,550,073
FUND BALANCE		
Fund Balance		
Reserved for:		
Encumbrances	2,301,391	72,165
Advance to Other Funds		
Properties Held for Resale	71,049	
Loans and Notes Receivable		
Total Reserved Fund balance	2,372,440	72,165
Unreserved Fund Balance	4,492,295	6,999,857
Total Fund Balance	6,864,735	7,072,022
Total Liabilities and Fund Balance	11,203,919	35,622,095

¹ Includes Housing Rehab loans and loans for several housing and Agency projects.

² Includes RDA properties held for resale.

³ Includes the deferred payment portion of the loans noted above.



CITY COUNCIL STAFF REPORT

MEETING DATE: March 23, 2005

FEBRUARY 2005 FINANCE & INVESTMENT REPORT

RECOMMENDED ACTION:

Accept and File Report

EXECUTIVE SUMMARY:

Attached is the monthly Finance and Investment Report for the period ended February 28, 2005. The report covers the first eight months of activity for the 2004/2005 fiscal year. A summary of the report is included on the first page for the City Council's benefit.

The monthly Finance and Investment Report is presented to the City Council and our Citizens as part of our ongoing commitment to improve and maintain public trust through communication of our finances, budget and investments. The report also serves to provide the information necessary to determine the adequacy/stability of financial projections and develop equitable resource/revenue allocation procedures.

This report covers all fiscal activity in the City, including the Redevelopment Agency. The Redevelopment Agency receives a separate report for the fiscal activity of the Agency at the meeting of the Agency. Presenting this report is consistent with the goal of *Maintaining and Enhancing the Financial Viability of the City*.

FISCAL IMPACT: as presented

Agenda Item # 2

Prepared By:

Finance Director

Submitted By:

City Manager

CITY OF MORGAN HILL
Monthly Financial and Investment Reports
February 28, 2005 – 67% Year Complete



CITY OF MORGAN HILL

Prepared by:
FINANCE DEPARTMENT



CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF FEBRUARY 2005 - 67% OF YEAR COMPLETE

This analysis of the status of the City's financial situation reflects 67% of the year. However, this analysis is somewhat limited. For some revenue sources, such as transient occupancy taxes and franchise fees, only limited amounts have been received as of this time of the year.

- * **General Fund** - The *revenues* received in the General Fund were approximately 61% of the budgeted revenues. A total of 82% of budgeted property related taxes have been received by the City, which is 50% more than the amount received in the prior year as of this date. This higher amount reflects property tax revenues received as a replacement for most of the Motor Vehicle-in-lieu fees lost because of State funding changes. The amount of Sales Tax collected was 69% of the sales tax revenue budget and 11% more than the amount received for the prior year. Sales tax receipts have been impacted, as of September 2004, because the State, under the triple flip legislation, began to send the City at that time only $\frac{3}{4}$ of the 1% in sales taxes that the City is entitled to. Installments estimated to equal the remaining $\frac{1}{4}$ % of sales taxes, for the period September 2004 through June 2005, are scheduled to be distributed by Santa Clara County for the 2004/05 fiscal year in January and May 2005. The January installment was received and is included in the sales tax revenues. Business license and other permit collections were 76% of the budgeted amount. Motor Vehicle-in-Lieu revenues were \$180,551. The amount of Motor Vehicle-in-Lieu fees dropped significantly in this fiscal year, consistent with State budget revenue revisions, and is being mostly compensated for through higher property tax allocations from Santa Clara County, as described above. Interest & Other Revenue were 72% of budget and do not reflect January or February interest earnings that will be posted in April 2005 as part of earnings for the quarter ended March 31.
- * The General Fund *expenditures* and *encumbrances* to date totaled 66% of the budgeted appropriations. If the \$351,403 in encumbrances were excluded, 64% of the budget would have been expended. Higher costs in Aquatics and legal expenditures are primarily related to the timing of activity. The amount of the police facility debt service payment was authorized and budgeted for, but this activity has been accounted for as a transfer out to a new debt service fund.
- * **Transient Occupancy (Hotel) Tax** - The TOT rate is 10%. The City receives transient occupancy taxes on a quarterly basis. Taxes for the first two quarters, through December 31, amounted to \$483,174, or 10% more than the amount received by the City in the prior year for the same period. Taxes for the third quarter ending March 31 are not due until late April and have therefore not yet been collected.
- * **Community Development** - Revenues were 97% of budget, which was 43% more than the amount collected in the like period for the prior year. Compared to the prior year, planning and engineering fees this year were higher and building fees were lower. Planning expenditures plus encumbrances were 69% of budget; Building has expended or encumbered 63% of budget and Engineering 59%. Community Development has expended or encumbered a combined total of 64% of the 2004/05 budget, including \$243,576 in encumbrances. If encumbrances were excluded, Community Development would have spent only 57% of the combined budget.
- * **RDA and Housing** - An amount of \$10,436,509, or 48% of the budget, in property tax increment revenues has been received as of February 28, 2005. Expenditures plus encumbrances totaled 35% of budget. If encumbrances totaling \$2,373,556 were excluded, the RDA would have spent 27% of the combined budget.



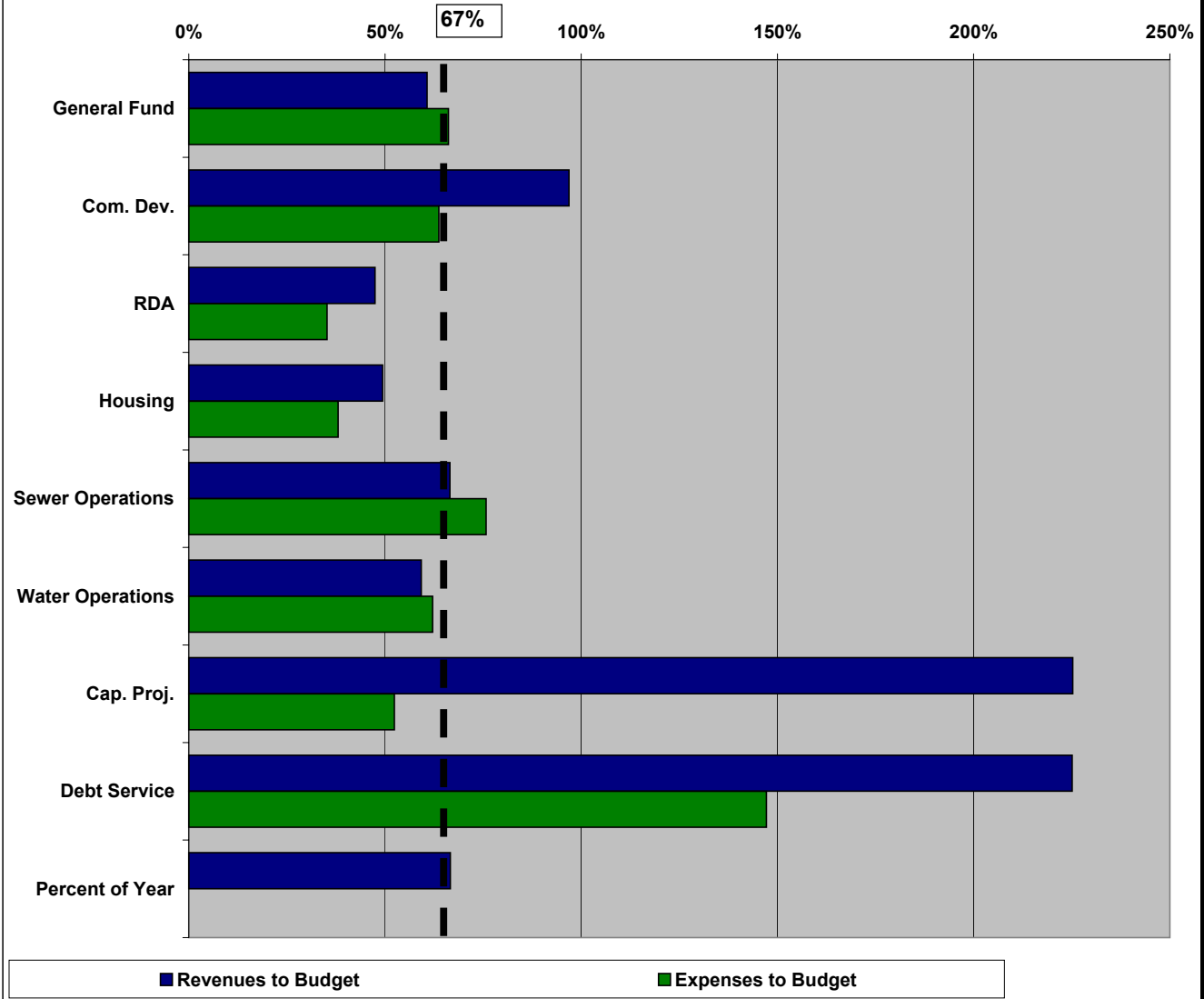
CITY OF MORGAN HILL, CALIFORNIA
FINANCIAL STATEMENT ANALYSIS - FISCAL YEAR 2004/05
FOR THE MONTH OF FEBRUARY 2005 - 67% OF YEAR COMPLETE

- * **Water and Sewer Operations-** Water Operations revenues, including service fees, were 59% of budget. Expenditures totaled 62% of appropriations. Sewer Operations revenues, including service fees, were 67% of budget. Expenditures for sewer operations were 76% of budget. This higher percentage resulted from large debt service payments on debt service made in July and January.
- * **Investments maturing/called/sold during this period.** – During the month of February, no new investments were initiated. Further details of all City investments are contained on pages 6-8 of this report.



Morgan Hill YTD Revenue & Expense Summary

February 28, 2005 – 67% Year Complete



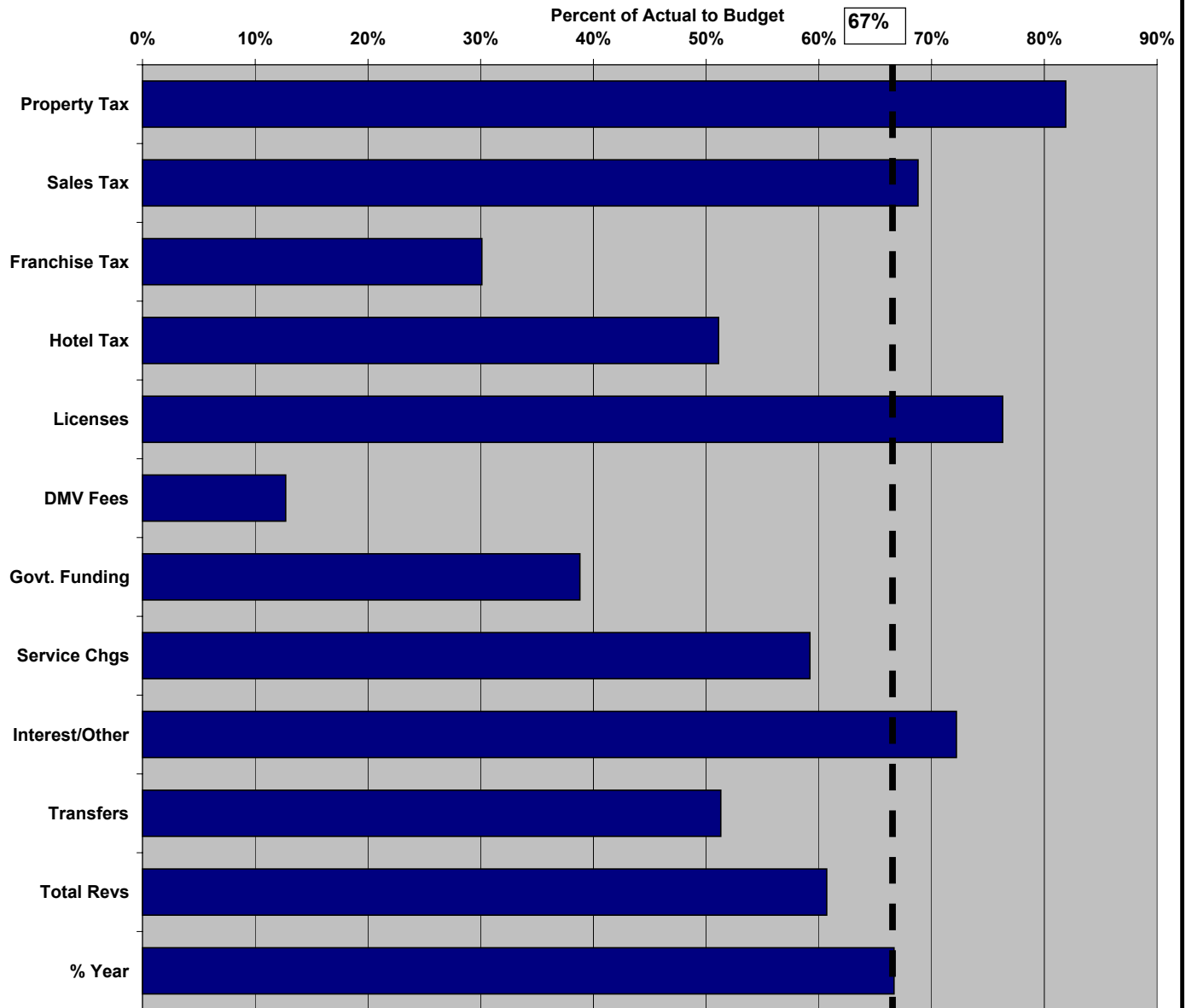
FUND NAME					2/28/2005 UNRESTRICTED FUND BALANCE
	ACTUAL	% OF BUDGET	ACTUAL plus ENCUMBRANCES	% OF BUDGET	
General Fund	\$10,377,977	61%	\$12,891,432	66%	\$8,384,915
Community Development	2,652,394	97%	2,174,914	64%	1,959,885
RDA	8,465,678	47%	7,766,548	35%	4,492,295
Housing/CDBG	2,482,849	49%	2,475,523	38%	6,522,323
Sewer Operations	3,745,694	67%	4,947,951	76%	2,250,827
Sewer Other	1,727,941	131%	1,427,310	27%	12,695,341
Water Operations	5,130,404	59%	4,984,943	62%	3,408,743
Water Other	8,143,610	131%	1,591,018	20%	3,910,589
Other Special Revenues ¹	731,528	87%	848,616	37%	3,466,661
Capital Projects & Streets Funds	11,834,303	225%	10,270,618	52%	25,112,968
Debt Service Funds	726,328	225%	344,089	147%	781,299
Internal Service	3,298,980	63%	3,033,489	61%	5,237,682
Agency	1,810,359	70%	1,949,809	79%	3,760,316
TOTAL FOR ALL FUNDS	\$61,128,045	78%	\$54,706,260	50%	\$81,983,844

¹ Includes all Special Revenue Funds except Community Development, CDBG, and Street Funds



Morgan Hill YTD General Fund Revenues

February 28, 2005 – 67% Year Complete

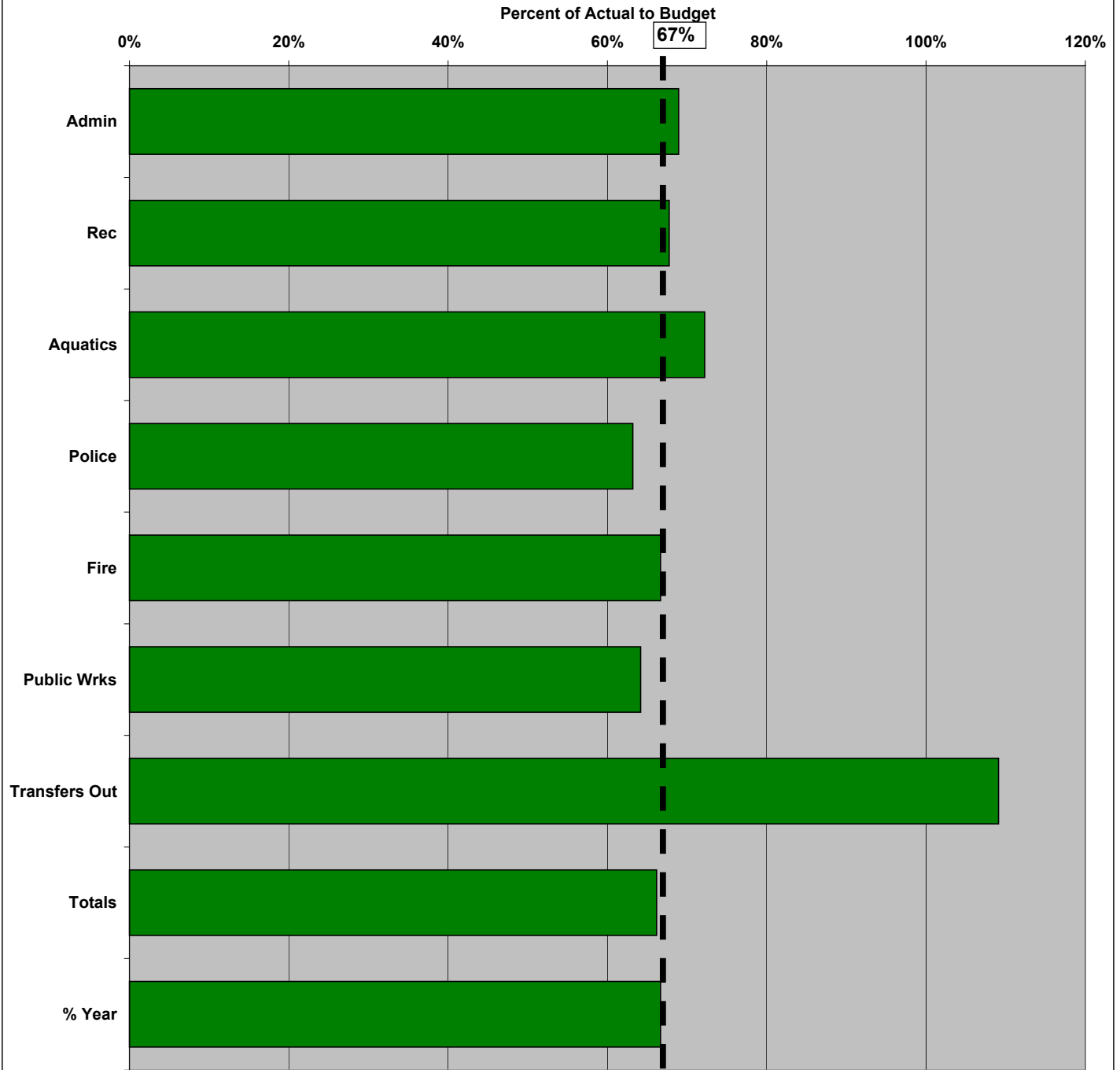


REVENUE CATEGORY	BUDGET	ACTUAL	% OF BUDGET	PRIOR YEAR TO DATE	% CHANGE FROM PRIOR YEAR
PROPERTY RELATED TAXES	\$3,328,396	\$2,727,590	82%	\$1,813,484	50%
SALES TAXES	\$4,852,000	\$3,336,232	69%	\$3,008,504	11%
FRANCHISE FEE	\$965,000	\$290,105	30%	\$277,386	5%
HOTEL TAX	\$945,000	\$483,174	51%	\$468,456	3%
LICENSES/PERMITS	\$201,720	\$153,834	76%	\$176,612	-13%
MOTOR VEHICLE IN LIEU	\$1,423,800	\$180,551	13%	\$885,429	-80%
FUNDING - OTHER GOVERNMENTS	\$304,400	\$118,225	39%	\$175,031	-32%
CHARGES CURRENT SERVICES	\$3,790,310	\$2,245,232	59%	\$1,678,761	34%
INTEREST & OTHER REVENUE	\$881,461	\$636,384	72%	\$480,696	32%
TRANSFERS IN	\$403,100	\$206,650	51%	\$513,333	-60%
TOTALS	\$17,095,187	\$10,377,977	61%	\$9,477,692	9%



Morgan Hill YTD General Fund Expenditures

February 28, 2005 – 67% Year Complete



Expenditure Category	Budget	Actual Plus Encumbrances	% of Budget
ADMINISTRATION	4,714,820	2,295,152	69%
RECREATION	285,551	1,105,517	68%
AQUATICS	1,434,494	1,035,841	72%
POLICE	8,015,630	5,065,255	63%
FIRE	4,194,617	2,796,362	67%
PUBLIC WORKS	706,957	453,648	64%
TRANSFERS OUT	128,001	139,657	109%
TOTALS	\$ 19,480,070	\$ 12,891,432	66%



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Completed

Fund No.	Fund	Fund Balance 06-30-04	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
010	GENERAL FUND	\$10,898,370	\$10,377,977	61%	\$12,540,029	64%	(\$2,162,052)	\$351,403	\$8,384,915	\$9,183,677	\$6,150
TOTAL GENERAL FUND		\$10,898,370	\$10,377,977	61%	\$12,540,029	64%	(\$2,162,052)	\$351,403	\$8,384,915	\$9,183,677	\$6,150
202	STREET MAINTENANCE	\$1,454,752	\$1,175,688	78%	\$1,258,407	56%	(\$82,719)	\$337,379	\$1,034,654	\$1,283,289	
204/205	PUBLIC SAFETY/SUPPL. LAW	\$321,965	\$104,472	98%	\$117,013	67%	(\$12,541)		\$309,424	\$309,423	
206	COMMUNITY DEVELOPMENT	\$1,482,405	\$2,652,394	97%	\$1,931,338	57%	\$721,056	\$243,576	\$1,959,885	\$2,256,051	
207	GENERAL PLAN UPDATE	\$231,849	\$90,162	112%	\$23,021	16%	\$67,141	\$60,059	\$238,931	\$299,192	
210	COMMUNITY CENTER	\$99,678	\$34,931	67%		n/a	\$34,931		\$134,609	\$134,607	
215 / 216	CDBG	\$127,519	\$18,420	10%	\$61,178	9%	(\$42,758)	\$62,295	(\$477,534)	\$88,772	
225	ASSET SEIZURE	\$38,956	\$16,951	1662%	\$35,519	n/a	(\$18,568)	\$11,678	\$8,710	\$20,388	
229	LIGHTING AND LANDSCAPE	(\$1,173)	\$70,019	54%	\$94,014	67%	(\$23,995)	\$38,235	(\$63,403)	(\$27,074)	
232	ENVIRONMENTAL PROGRAMS	\$675,334	\$221,495	55%	\$181,246	34%	\$40,249	\$50,880	\$664,703	\$719,032	
234	MOBILE HOME PK RENT STAB.	\$168,580	\$7,573	147%	\$10,426	5%	(\$2,853)	\$185,931	(\$20,204)	\$165,610	
235	SENIOR HOUSING	\$252,691	\$3,546	64%	\$3,806	19%	(\$260)		\$252,431	\$252,431	
236	HOUSING MITIGATION	\$1,141,855	\$151,911	474%	-		\$151,911	-	\$1,293,766	\$1,293,766	
240	EMPLOYEE ASSISTANCE	\$80,549	\$22,466	77%	33,323	74%	(\$10,857)		\$69,692	\$68,721	
247	ENVIRONMENT REMEDIATION	\$570,000	8,002	n/a			\$8,002		\$578,002	\$578,002	
TOTAL SPECIAL REVENUE FUNDS		\$6,644,960	\$4,578,030	87%	\$3,749,291	44%	\$828,739	\$1,490,033	\$5,983,666	\$7,442,212	
301	PARK DEV. IMPACT FUND	\$3,539,104	\$838,358	142%	\$66,622	2%	\$771,736	\$107,647	\$4,203,193		\$4,310,839
302	PARK MAINTENANCE	\$3,047,206	\$440,871	173%	\$31,883	21%	\$408,988		\$3,456,194	\$3,456,194	
303	LOCAL DRAINAGE	\$3,027,986	\$488,480	201%	\$1,024	0%	\$487,456		\$3,515,442		\$3,515,442
304	LOCAL DRAINAGE/NON-AB1600	\$3,249,120	\$194,921	133%	\$31,723	4%	\$163,198		\$3,412,318	\$3,312,318	
306	OPEN SPACE	\$699,078	\$267,025	162%	492		\$266,533	\$10,000	\$955,611	\$965,610	
309	TRAFFIC IMPACT FUND	\$3,119,744	\$746,230	114%	\$344,514	15%	\$401,716	\$520,351	\$3,001,109		\$3,506,723
311	POLICE IMPACT FUND	\$83,370	\$130,291	329%	\$68,842	70%	\$61,449	\$10,000	\$134,819		\$144,820
313	FIRE IMPACT FUND	\$2,333,569	\$129,666	94%	\$920	1%	\$128,746	\$9,101	\$2,453,214		\$2,462,315
317	REDEVELOPMENT AGENCY	\$3,864,214	\$8,465,678	47%	\$5,465,157	25%	\$3,000,521	2,372,440	\$4,492,295	\$7,534,770	
327 / 328	HOUSING	\$6,872,096	\$2,464,429	51%	\$2,264,503	34%	\$199,926	72,165	\$6,999,857	\$7,204,342	
340/342	MORGAN HILL BUS.RANCH I & II	\$104,826	\$1,279	56%	66,554		(\$65,275)	-	\$39,551	\$39,552	
346	PUBLIC FACILITIES NON-AB1600	\$936,101	\$7,035,520	1118%	6,921,532		\$113,988	\$445,417	\$604,672	\$857,679	
347	PUBLIC FACILITIES IMPACT FUND	\$314,545	\$98,914	132%	\$910	8%	\$98,004	9,750	\$402,799		\$372,683
348	LIBRARY IMPACT FUND	\$490,953	\$67,458	13%	\$135	0%	\$67,323		\$558,276		\$558,277
350	UNDERGROUNDING	\$1,140,023	164,143	68%	\$1,260	0%	\$162,883	36,155	\$1,266,751	\$1,307,146	
360	COMM/REC CTR IMPACT FUND	\$18,906	55,459	68%		0%	\$55,459		\$74,365	\$74,364	
TOTAL CAPITAL PROJECT FUNDS		\$32,840,841	\$21,588,722	82%	\$15,266,071	33%	\$6,322,651	\$3,593,026	\$35,570,466	\$24,751,976	\$14,871,099
441	POLICE FACILITY BOND DEBT		578,682	n/a	122,371		\$456,311		\$456,311		\$456,311
545	COCHRANE BUSINESS PARK	\$375,254	107,213	98%	190,023	80%	(\$82,810)		\$292,444	\$111,494	\$180,950
551	JOLEEN WAY	\$23,806	\$40,433	98%	\$31,695	80%	\$8,738		\$32,544	\$15,295	\$17,250
TOTAL DEBT SERVICE FUNDS		\$399,060	\$726,328	225%	\$344,089	147%	\$382,239		\$781,299	\$126,789	\$654,510



City of Morgan Hill
Fund Activity Summary - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Completed

Fund No.	Fund	Fund Balance 06-30-04	Revenues		Expenses		Year to-Date Deficit or Carryover	Ending Fund Balance		Cash and Investments	
			YTD Actual	% of Budget	YTD Actual	% of Budget		Reserved ¹	Unreserved	Unrestricted	Restricted ²
640	SEWER OPERATIONS	\$14,685,816	\$3,745,694	67%	\$4,877,415	75%	(\$1,131,721)	\$11,303,268	\$2,250,827	\$2,148,323	\$1,894,204
641	SEWER IMPACT FUND	\$9,717,249	\$1,637,570	137%	\$575,916	15%	\$1,061,654	4,072,244	\$6,706,659		\$6,834,552
642	SEWER RATE STABILIZATION	\$3,975,411	\$55,767	66%	\$1,411	67%	\$54,356		\$4,029,767	\$4,029,767	
643	SEWER-CAPITAL PROJECTS	\$9,822,474	\$34,604	95%	\$618,275	45%	(\$583,671)	7,279,888	\$1,958,915	\$2,165,083	
650	WATER OPERATIONS	\$23,500,560	\$5,130,404	59%	\$4,259,038	41%	\$871,366	\$20,963,183	\$3,408,743	\$3,532,345	\$406,599
651	WATER IMPACT FUND	\$4,150,949	\$5,768,285	111%	\$789,408	18%	\$4,978,877	9,206,899	(\$77,074)		\$5,057,248
652	WATER RATE STABILIZATION	\$26,627	\$370	83%	\$329	67%	\$41		\$26,668	\$26,669	
653	WATER -CAPITAL PROJECT	\$9,372,760	\$2,374,955	234%	\$459,890	15%	\$1,915,065	7,326,832	\$3,960,995	\$4,224,722	\$1,127,981
TOTAL ENTERPRISE FUNDS		\$75,251,846	\$18,747,649	86%	\$11,581,682	42%	\$7,165,967	\$60,152,314	\$22,265,500	\$16,126,910	\$15,320,584
730	DATA PROCESSING	\$472,435	\$203,005	73%	\$205,451	38%	(\$2,446)	340,753	\$129,236	\$437,523	
740	BUILDING MAINTENANCE	\$726,398	\$1,101,741	67%	\$836,883	62%	\$264,858	34,628	\$956,628	\$1,022,277	
745	CIP ADMINISTRATION	\$52,654	\$754,865	54%	\$755,381	53%	(\$516)	43,753	\$8,385	\$121,387	
760	UNEMPLOYMENT INS.	\$47,278	\$30,243	50%	\$27,070	49%	\$3,173		\$50,451	\$50,452	
770	WORKER'S COMP.	\$5,634	\$619,879	71%	\$374,660	47%	\$245,219	-	\$250,853	\$865,061	\$40,000
790	EQUIPMENT REPLACEMENT	\$3,375,628	\$244,736	64%	\$21,041	9%	\$223,695	559,180	\$3,040,143	\$3,055,922	
793	CORPORATION YARD	\$283,120	\$47,865	35%	\$80,106	46%	(\$32,241)	240,231	\$10,648	\$16,870	
795	GEN'L LIABILITY INS.	\$810,702	\$296,646	65%	\$316,010	74%	(\$19,364)		\$791,338	\$931,620	
TOTAL INTERNAL SERVICE FUNDS		\$5,773,849	\$3,298,980	63%	\$2,616,602	52%	\$682,378		\$5,237,682	\$6,501,112	\$40,000
820	SPECIAL DEPOSITS									\$1,272,115	
841	M.H. BUS.RANCH A.D.	\$381,939	\$283,219	n/a	\$299,893	n/a	(\$16,674)		\$365,265	\$285,684	
842	M.H. BUS. RANCH II A.D.	\$32,149	25,088	n/a	\$31	n/a	\$25,057		\$57,206	\$50,634	
843	M.H. BUS. RANCH 1998	\$1,296,650	\$674,651	65%	\$866,071	97%	(\$191,420)		\$1,105,230	\$222,171	\$883,058
844	MH RANCH RSMNT 2004A	\$186,838	\$304,669		\$175,198	29%	\$129,471		\$316,309		\$402,463
845	MADRONE BP-TAX EXEMPT	\$1,298,723	\$420,486		\$505,469	63%	(\$84,983)		\$1,213,740	(\$250)	\$1,213,991
846	MADRONE BP-TAXABLE	\$251,768	\$68,499	70%	\$103,147	59%	(\$34,648)		\$217,119	(\$596)	\$217,717
848	TENNANT AVE.BUS.PK A.D.	\$430,286	\$33,447	65%		na	\$33,447		\$463,733	\$463,733	
881	POLICE DONATION TRUST FUND	\$21,414	\$300	65%			\$300		\$21,714		\$21,713
TOTAL AGENCY FUNDS		\$3,899,767	\$1,810,359	70%	\$1,949,809	79%	(\$139,450)		\$3,760,316	\$2,293,490	\$2,738,942
SUMMARY BY FUND TYPE											
GENERAL FUND GROUP		\$10,898,370	\$10,377,977	61%	\$12,540,029	64%	(\$2,162,052)	\$351,403	\$8,384,915	\$9,183,677	\$6,150
SPECIAL REVENUE GROUP		\$6,644,960	\$4,578,030	87%	\$3,749,291	44%	\$828,739	\$1,490,033	\$5,983,666	\$7,442,212	
DEBT SERVICE GROUP		\$399,060	\$726,328	225%	\$344,089	147%	\$382,239		\$781,299	\$126,789	\$654,510
CAPITAL PROJECTS GROUP		\$32,840,841	\$21,588,722	82%	\$15,266,071	33%	\$6,322,651	\$3,593,026	\$35,570,466	\$24,751,976	\$14,871,099
ENTERPRISE GROUP		\$75,251,846	\$18,747,649	86%	\$11,581,682	42%	\$7,165,967	\$60,152,314	\$22,265,500	\$16,126,910	\$15,320,584
INTERNAL SERVICE GROUP		\$5,773,849	\$3,298,980	63%	\$2,616,602	52%	\$682,378		\$5,237,682	\$6,501,112	\$40,000
AGENCY GROUP		\$3,899,767	\$1,810,359	70%	\$1,949,809	79%	(\$139,450)		\$3,760,316	\$2,293,490	\$2,738,942
TOTAL ALL GROUPS		\$135,708,693	\$61,128,045	78%	\$48,047,573	44%	\$13,080,472	\$65,586,776	\$81,983,844	\$66,426,165	\$33,631,285
TOTAL CASH AND INVESTMENTS										\$100,057,450	

For Enterprise Funds - Unrestricted fund balance = Fund balance net of fixed assets and long-term liabilities.

¹ Amount restricted for encumbrances, fixed asset replacement, long-term receivables, and bond reserves.

² Amount restricted for debt service payments and AB1600 capital expansion projects as detailed in the City's five year CIP Plan and bond agreements.



CITY OF MORGAN HILL CASH AND INVESTMENT REPORT
FOR THE MONTH OF FEBRUARY 2005
FOR THE FISCAL YEAR OF 2004-05

	Invested in Fund	Yield	Book Value End of Month	Investment Category Subtotal at Cost	% of Total	Market Value
Investments						
State Treasurer LAIF - City	All Funds Pooled	2.13%	\$22,074,161		22.06%	\$22,028,920
- RDA	RDA	2.13%	\$9,014,859		9.01%	\$8,996,383
- Corp Yard	Corp Yard	2.13%	\$52,876		0.05%	\$52,767
Federal Issues	All Funds Pooled	3.20%	\$53,246,246		53.22%	\$52,347,655
SVNB CD	All Funds Pooled	2.50%	\$2,000,000		2.00%	\$2,000,000
Money Market	All Funds Pooled	1.54%	\$167,821	\$86,555,963	0.17%	\$167,821
Bond Reserve Accounts - held by trustees						
BNY - 2002 SCRWA Bonds						
MBIA Repurchase & Custody Agmt	Sewer	4.78%	\$1,849,399			
Blackrock Provident Temp Fund		2.14%	\$44,804		1.89%	\$1,894,204
US Bank - 1999 Water C.O.P.						
First American Treasury Obligation	Water	1.41%	\$406,599		0.41%	\$406,599
BNY - MH Water Revenue Bonds						
Blackrock Liquidity Temp Fund	Water	1.38%	\$4,825,598		4.82%	\$4,825,598
BNY - MH Police Facility Lease Revenue Bonds						
JP Morgan Treasury Plus	General Fund	1.21%	\$456,311		0.46%	\$456,311
US Bank - Cash in Escrow account	Madrone Bus Park		\$479,271		0.48%	\$479,271
US Bank - MH Ranch 98	MH Ranch					
First American Treasury Obligation	Agency Fund	1.41%	\$883,058		0.88%	\$887,866 *
US Bank - Madrone Bus Park Tax Exempt	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.35%	\$664			
US Treasury Bill		1.49%	\$797,640		0.80%	\$804,592 *
US Bank - Madrone Bus Park Taxable	Madrone Bus Park					
First American Treasury Obligation	Agency Fund	1.40%	\$359			
US Treasury Bill		1.86%	\$153,774		0.15%	\$155,345 *
BNY - MH Ranch 2004 A	MH Ranch Bus Park					
Blackrock Provident Temp Fund	Agency Fund	2.14%	\$402,463	\$10,299,940	0.40%	\$402,463
Other Accounts/Deposits						
General Checking	All Funds		\$1,500,000		1.50%	\$1,500,000
Dreyfuss Treas Cash Management Account	All Funds		\$1,655,397		1.65%	\$1,655,397
Athens Administrators Workers' Comp	Workers' Comp		\$40,000		0.04%	\$40,000
Petty Cash & Emergency Cash	Various Funds		\$6,150	\$3,201,547	0.01%	\$6,150
Total Cash and Investments			\$100,057,450	\$100,057,450	100.00%	\$99,107,342
MH Financing Authority Investment in		1.75% to				
MH Ranch AD Imprvmt Bond Series 2004		4.50%	\$4,795,000			Unavailable

CASH ACTIVITY SUMMARY
FY 04/05

Fund Type	07/01/04 Balance	Change in Cash Balance	02/28/05 Balance	Restricted	Unrestricted
General Fund	\$11,307,873	(\$2,118,046)	\$9,189,827	\$6,150	\$9,183,677
Community Development	\$1,564,866	\$691,185	\$2,256,051	\$0	\$2,256,051
RDA (except Housing)	\$6,191,592	\$1,343,178	\$7,534,770	\$0	\$7,534,770
Housing / CDBG	\$7,244,293	\$48,821	\$7,293,114	\$0	\$7,293,114
Water - Operations	\$3,236,757	\$702,187	\$3,938,944	\$406,599	\$3,532,345
Water Other	\$3,450,125	\$6,986,495	\$10,436,620	\$6,185,229	\$4,251,391
Sewer - Operations	\$5,088,334	(\$1,045,807)	\$4,042,527	\$1,894,204	\$2,148,323
Sewer Other	\$13,072,660	(\$43,258)	\$13,029,402	\$6,834,552	\$6,194,850
Other Special Revenue	\$3,503,684	\$310,416	\$3,814,100	\$0	\$3,814,100
Streets and Capital Projects (except RDA)	\$23,802,360	\$2,364,892	\$26,167,252	\$14,871,099	\$11,296,153
Assessment Districts/Debt Service	\$397,995	\$383,304	\$781,299	\$654,510	\$126,789
Internal Service	\$6,337,439	\$203,673	\$6,541,112	\$40,000	\$6,501,112
Agency Funds	\$4,902,523	\$129,909	\$5,032,432	\$2,738,942	\$2,293,490
Total	\$90,100,501	\$9,956,949	\$100,057,450	\$33,631,285	\$66,426,165

Note: See Investment Portfolio Detail for maturities of "Investments." Market values are obtained from the City's investment brokers' monthly reports.

* Market value as of 01/31/05 factor

I certify the information on the investment reports on pages 6-8 has been reconciled to the general ledger and bank statements and that there are sufficient funds to meet the expenditure requirements of the City for the next six months. The portfolio is in compliance with the City of Morgan Hill investment policy and all State laws and regulations.

Prepared by: _____
 Lourdes Reroma
 Accountant I

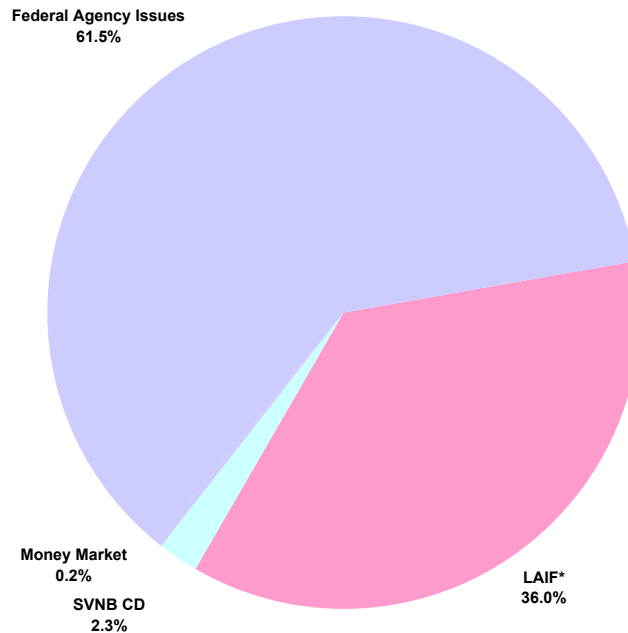
Approved by: _____
 Jack Dilles
 Director of Finance

Verified by: _____
 Tina Reza
 Assistant Director of Finance



CITY OF MORGAN HILL

INVESTMENT PORTFOLIO DETAIL as of 02/28/05



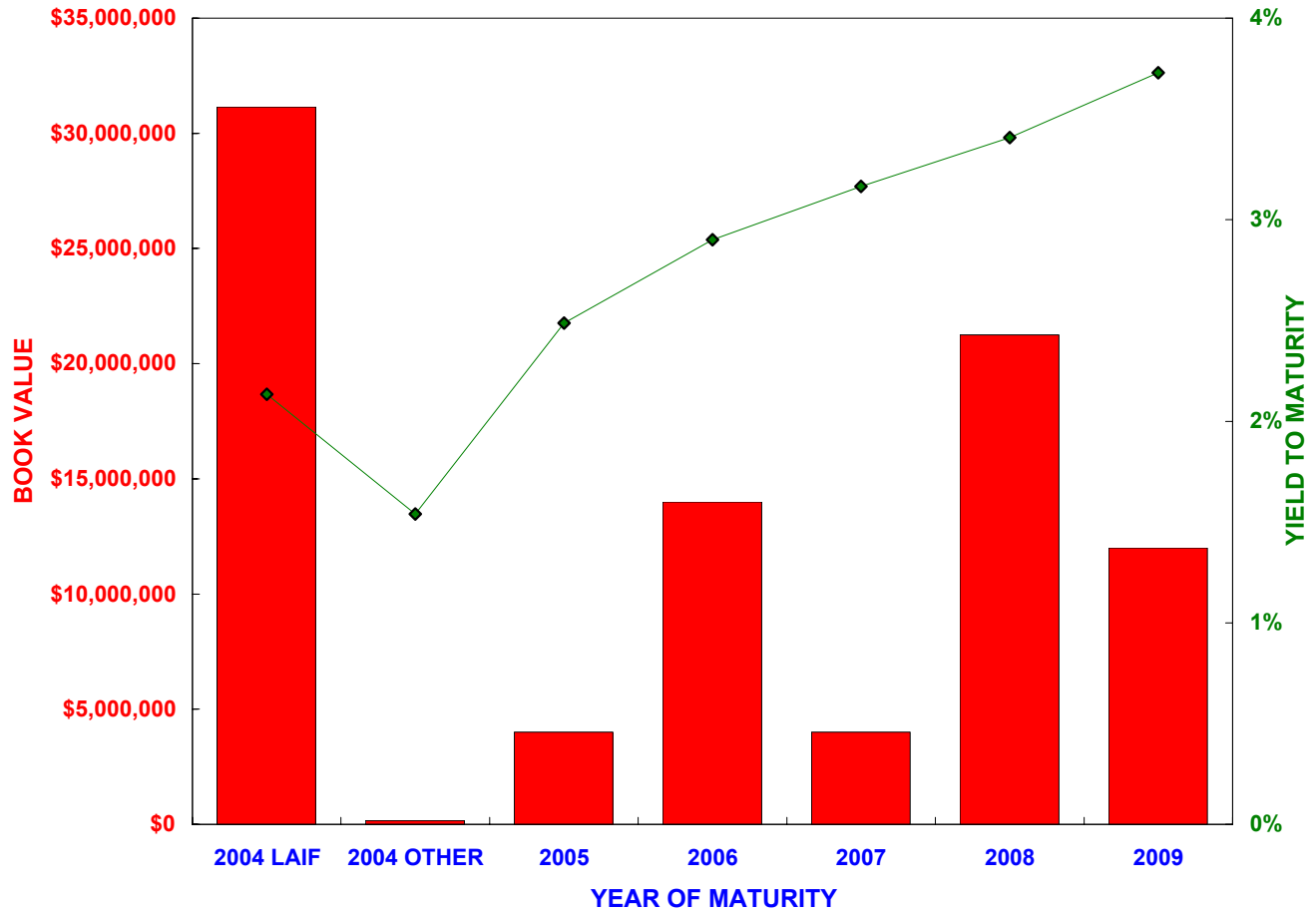
Investment Type	Purchase Date	Book Value	% of Portfolio	Market Value	Stated Rate	Interest Earned	Next Call Date	Date of Maturity	Years to Maturity
LAIF*									
LAIF*		\$31,141,896	35.98%	\$31,078,071	2.134%	\$311,609			0.003
SVNB CD	07/07/03	\$2,000,000	2.31%	\$2,000,000	2.500%	\$20,306		07/07/05	0.351
Federal Agency Issues									
Fed Home Loan Bank	05/21/04	\$2,000,000	2.31%	\$1,989,380	2.474%	\$328,956	03/21/05	11/21/05	0.726
Fed Home Loan Bank	01/25/05	\$2,000,000	2.31%	\$1,993,120	3.000%	\$5,801	01/25/06	01/25/06	0.904
Fed Home Loan Mgt Corp	10/12/04	\$2,000,000	2.31%	\$1,982,740	2.700%	\$20,769	anytime	04/12/06	1.115
Fed Home Loan Bank	02/26/04	\$2,000,000	2.31%	\$1,976,880	2.563%	\$33,941	05/26/05	05/26/06	1.236
Fed Home Loan Bank	11/29/04	\$2,000,000	2.31%	\$1,985,000	3.076%	\$15,632	05/28/05	08/28/06	1.493
Fed Home Loan Mgt Corp	11/30/04	\$2,000,000	2.31%	\$1,984,600	3.070%	\$15,435	08/30/05	08/30/06	1.499
Fed Home Loan Bank	12/15/04	\$2,000,000	2.31%	\$1,988,760	3.250%	\$13,722	03/05/05	09/15/06	1.542
Fed Home Loan Bank	03/29/04	\$2,000,000	2.31%	\$1,951,260	2.650%	\$35,363	12/29/06	12/29/06	1.830
Fed Home Loan Bank	03/18/04	\$2,000,000	2.31%	\$1,965,620	3.030%	\$40,463	03/18/05	06/18/07	2.299
Fed Home Loan Bank	03/29/04	\$2,000,000	2.31%	\$1,943,760	3.300%	\$44,039	03/28/05	12/28/07	2.827
Fed Home Loan Mgt Corp	03/12/03	\$2,000,000	2.31%	\$1,972,500	3.500%	\$46,759	03/12/05	03/12/08	3.033
Fed Home Loan Bank	03/26/03	\$2,000,000	2.31%	\$1,965,000	3.375%	\$45,046	anytime	03/26/08	3.071
Fed Home Loan Mgt Corp	04/16/03	\$2,000,000	2.31%	\$1,975,680	3.600%	\$47,950	04/16/05	04/16/08	3.129
Fed Home Loan Mgt Corp	04/17/03	\$1,996,246	2.31%	\$1,969,560	3.625%	\$49,959	04/17/05	04/17/08	3.132
Fed Farm Credit Bank	06/03/03	\$2,000,000	2.31%	\$1,949,380	3.210%	\$42,709	06/03/05	06/03/08	3.260
Fed Farm Credit Bank	06/12/03	\$2,000,000	2.31%	\$1,933,120	2.950%	\$39,242	04/30/05	06/12/08	3.285
Fed Home Loan Bank	07/30/03	\$2,000,000	2.31%	\$1,935,000	3.000%	\$39,753	04/30/05	07/30/08	3.416
Fed Home Loan Bank	07/30/03	\$2,000,000	2.31%	\$1,951,260	3.243%	\$43,330	04/30/05	07/30/08	3.416
Fed Home Loan Bank	07/30/03	\$2,000,000	2.31%	\$1,959,380	3.400%	\$45,053	04/30/05	07/30/08	3.416
Fed Home Loan Bank	08/14/03	\$1,250,000	1.44%	\$1,234,375	3.690%	\$30,549	05/14/05	08/14/08	3.458
Fed Home Loan Bank	10/15/03	\$2,000,000	2.31%	\$1,988,760	4.000%	\$26,640	anytime	10/15/08	3.627
Fed Farm Credit Bank	03/16/04	\$2,000,000	2.31%	\$1,923,760	3.650%	\$48,750	anytime	03/16/09	4.044
Fed Home Loan Bank	03/26/04	\$2,000,000	2.31%	\$1,983,120	4.000%	\$53,388	03/26/05	03/26/09	4.071
Fed Home Loan Bank	04/06/04	\$2,000,000	2.31%	\$1,958,760	3.625%	\$48,294	anytime	04/06/09	4.101
Fed Home Loan Bank	04/07/04	\$2,000,000	2.31%	\$1,957,500	3.600%	\$47,960	04/07/05	04/07/09	4.104
Fed National Mortgage	04/16/04	\$2,000,000	2.31%	\$1,963,120	3.750%	\$49,948	04/16/05	04/16/09	4.129
Fed Home Loan Bank	04/29/04	\$2,000,000	2.31%	\$1,966,260	3.750%	\$49,934	04/29/05	04/29/09	4.164
Redeemed in FY 04/05						\$42,559			
Sub Total/Average		\$53,246,246	61.52%	\$52,347,655	3.204%	\$1,351,944			2.819
Money Market									
Money Market		\$167,821	0.19%	\$167,821	1.540%	\$5,591			0.003
TOTAL/AVERAGE									
		\$86,555,963	100.00%	\$85,593,547	2.855%	\$1,689,450			1.745

*Per State Treasurer Report dated 2/28/2005, LAIF had invested approximately 16% of its balance in Treasury Bills and Notes, 17% in CDs, 15% in Commercial Paper and Corporate Bonds, 0% in Banker's Acceptances and 52% in others.



CITY OF MORGAN HILL

INVESTMENT MATURITIES
AS OF FEBRUARY 28, 2005



YEAR OF MATURITY	BOOK VALUE	MARKET VALUE	AVERAGE RATE	% OF TOTAL
2004 LAIF	\$31,141,896	\$31,078,071	2.134%	35.98%
2004 OTHER	\$167,821	\$167,821	1.540%	0.19%
2005	\$4,000,000	\$3,989,380	2.487%	4.62%
2006	\$14,000,000	\$13,862,360	2.901%	16.17%
2007	\$4,000,000	\$3,909,380	3.165%	4.62%
2008	\$21,246,246	\$20,834,015	3.408%	24.55%
2009	\$12,000,000	\$11,752,520	3.729%	13.86%
TOTAL	\$86,555,963	\$85,593,547	2.855%	100.00%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
010 GENERAL FUND							
<u>TAXES</u>							
Property Taxes - Secured/Unsecured/Prio	2,803,396	2,803,396	2,364,764	84%	1,485,162	879,602	59%
Supplemental Roll	157,500	157,500	88,413	56%	75,530	12,883	17%
Sales Tax	4,600,000	4,600,000	3,198,269	70%	2,869,517	328,752	11%
Public Safety Sales Tax	252,000	252,000	137,963	55%	138,987	(1,024)	-1%
Transient Occupancy Taxes	945,000	945,000	483,174	51%	468,456	14,718	3%
Franchise (Refuse ,Cable ,PG&E)	965,000	965,000	290,105	30%	277,386	12,719	5%
Property Transfer Tax	367,500	367,500	274,413	75%	252,792	21,621	9%
TOTAL TAXES	10,090,396	10,090,396	6,837,101	68%	5,567,830	1,269,271	23%
<u>LICENSES/PERMITS</u>							
Business License	155,000	155,000	152,349	98%	145,964	6,385	4%
Other Permits	46,720	46,720	1,485	3%	30,648	(29,163)	-95%
TOTAL LICENSES/PERMITS	201,720	201,720	153,834	76%	176,612	(22,778)	-13%
<u>FINES AND PENALTIES</u>							
Parking Enforcement	12,000	12,000	6,781	57%	8,574	(1,793)	-21%
City Code Enforcement	35,000	35,000	34,306	98%	23,589	10,717	45%
Business tax late fee/other fines	1,200	1,200	1,266	106%	1,043	223	21%
TOTAL FINES AND PENALTIES	48,200	48,200	42,353	88%	33,206	9,147	28%
<u>OTHER AGENCIES</u>							
Motor Vehicle in-Lieu	1,423,800	1,423,800	180,551	13%	885,429	(704,878)	-80%
Other Revenue - Other Agencies	304,400	304,400	118,225	39%	175,031	(56,806)	-32%
TOTAL OTHER AGENCIES	1,728,200	1,728,200	298,776	17%	1,060,460	(761,684)	-72%
<u>CHARGES CURRENT SERVICES</u>							
False Alarm Charge	20,000	20,000	13,895	69%	11,677	2,218	19%
Business License Application Review	22,000	22,000	16,301	74%	16,628	(327)	-2%
Recreation Classes	326,750	326,750	175,803	54%	123,953	51,850	42%
Aquatics Revenue	1,181,625	1,436,859	727,727	51%			
General Administration Overhead	1,793,851	1,793,851	1,195,901	67%	1,338,652	(142,751)	-11%
Other Charges Current Services	190,850	190,850	115,605	61%	187,851	(72,246)	-38%
TOTAL CURRENT SERVICES	3,535,076	3,790,310	2,245,232	59%	1,678,761	(161,256)	-10%
<u>OTHER REVENUE</u>							
Use of money/property	819,261	819,261	548,454	67%	441,919	106,535	24%
Other revenues	14,000	14,000	45,577	326%	5,571	40,006	718%
TOTAL OTHER REVENUE	833,261	833,261	594,031	71%	447,490	146,541	33%
<u>TRANSFERS IN</u>							
Park Maintenance	125,000	125,000	31,250	25%	100,000	(68,750)	-69%
Sewer Enterprise	20,000	20,000	13,333	67%	11,666	1,667	14%
Water Enterprise	20,000	20,000	13,333	67%	11,667	1,666	14%
Public Safety	175,000	175,000	116,667	67%	182,000	(65,333)	-36%
Environmental Programs	48,100	48,100	32,067	67%		32,067	n/a
HCD Block Grant	15,000	15,000	-	n/a		-	n/a
Other Funds	-	-	-	n/a	208,000	(208,000)	-100%
TOTAL TRANSFERS IN	403,100	403,100	206,650	51%	513,333	(306,683)	-60%
TOTAL GENERAL FUND	16,839,953	17,095,187	10,377,977	61%	9,477,692	900,285	9%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
SPECIAL REVENUE FUNDS							
<u>202 STREET MAINTENANCE</u>							
Gas Tax 2105 - 2107.5	674,000	674,000	405,034	60%	390,928	14,106	4%
Measure A & B	-	-	-	n/a	-	-	n/a
Tea 21	-	-	-	n/a	-	-	n/a
Transfers In	700,000	800,000	425,000	53%	450,000	(25,000)	-6%
Project Reimbursement	-	-	296,457	n/a	106,236	190,221	179%
Interest / Other Revenue/Other Charges	29,635	29,635	49,197	166%	19,169	30,028	157%
202 STREET MAINTENANCE	1,403,635	1,503,635	1,175,688	78%	966,333	209,355	22%
<u>204/205 PUBLIC SAFETY TRUST</u>							
Interest Income	6,103	6,103	4,472	73%	4,295	177	4%
Police Grant/SLEF	100,000	100,000	100,000	100%	100,000	-	n/a
PD Block Grant	-	-	-	n/a	-	-	n/a
CA Law Enforcement Equip. Grant	-	-	-	n/a	-	-	n/a
Federal Police Grant (COPS)	-	-	-	n/a	-	-	n/a
Transfers In	-	-	-	n/a	-	-	n/a
204/205 PUBLIC SAFETY TRUST	106,103	106,103	104,472	98%	104,295	177	0%
<u>206 COMMUNITY DEVELOPMENT</u>							
Building Fees	1,403,000	1,403,000	1,204,950	86%	1,306,801	(101,851)	-8%
Planning Fees	791,621	791,621	487,123	62%	299,363	187,760	63%
Engineering Fees	516,500	516,500	931,529	180%	214,265	717,264	335%
Other Revenue/Current Charges	26,188	26,188	28,792	110%	16,822	11,970	71%
Transfers	-	-	-	n/a	20,000	(20,000)	-100%
206 COMMUNITY DEVELOPMENT	2,737,309	2,737,309	2,652,394	97%	1,857,251	795,143	43%
207 GENERAL PLAN UPDATE	80,154	80,154	90,162	112%	66,164	23,998	36%
<u>215 and 216 HCD BLOCK GRANT</u>							
HCD allocation	166,440	166,440	-	n/a	-	-	n/a
Interest Income/Other Revenue	9,648	9,648	18,420	191%	6,622	11,798	178%
Transfers	-	-	-	n/a	-	-	n/a
215 and 216 HCD BLOCK GRANT	176,088	176,088	18,420	10%	6,622	11,798	178%
210 COMMUNITY CENTER	52,119	52,119	34,931	67%	2,751	32,180	1170%
225 ASSET SEIZURE	1,020	1,020	16,951	1662%	359	16,592	4622%
229 LIGHTING AND LANDSCAPE	130,766	130,766	70,019	54%	68,917	1,102	2%
232 ENVIRONMENTAL PROGRAMS	399,491	399,491	221,495	55%	203,671	17,824	9%
234 MOBILE HOME PARK RENT STAB.	5,148	5,148	7,573	147%	5,044	2,529	50%
235 SENIOR HOUSING	5,501	5,501	3,546	64%	2,407	1,139	47%
236 HOUSING MITIGATION	12,031	32,031	151,911	474%	24,857	127,054	511%
240 EMPLOYEE ASSISTANCE	29,059	29,059	22,466	77%	20,675	1,791	9%
247 ENVIRONMENT REMEDIATION			8,002	n/a	-	8,002	n/a
TOTAL SPECIAL REVENUE FUNDS	5,138,424	5,258,424	4,578,030	87%	3,329,346	1,248,684	38%



City of Morgan Hill
Year to Date Revenues - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
CAPITAL PROJECTS FUNDS							
301 PARK DEVELOPMENT	578,596	591,596	838,358	142%	616,237	222,121	36%
302 PARK MAINTENANCE	254,863	254,863	440,871	173%	180,258	260,613	145%
303 LOCAL DRAINAGE	243,292	243,292	488,480	201%	119,518	368,962	309%
304 LOCAL DRAINAGE/NON AB1600	146,377	146,377	194,921	133%	104,115	90,806	87%
306 OPEN SPACE	165,125	165,125	267,025	162%	107,129	159,896	149%
309 TRAFFIC MITIGATION	651,916	651,916	746,230	114%	1,024,251	(278,021)	-27%
311 POLICE MITIGATION	39,568	39,568	130,291	329%	54,311	75,980	140%
313 FIRE MITIGATION	138,417	138,417	129,666	94%	162,262	(32,596)	-20%
317 RDA CAPITAL PROJECTS							
Property Taxes & Supplemental Roll	17,048,868	17,048,868	8,213,670	48%	7,343,297	870,373	12%
Development Agreements			-	n/a		-	n/a
Interest Income, Rents	17,031	17,031	98,491	578%	122,746	(24,255)	-20%
Other Agencies/Current Charges/Transfer	-	778,976	153,517	n/a	1,650,116	(1,496,599)	-91%
317 RDA CAPITAL PROJECTS	17,065,899	17,844,875	8,465,678	47%	9,116,159	(650,481)	-7%
327/328 RDA L/M HOUSING							
Property Taxes & Supplemental Roll	4,737,350	4,737,350	2,342,679	49%	2,208,123	134,556	6%
Interest Income, Rent	112,277	112,277	120,980	108%	74,766	46,214	62%
Other	100	100	770	770%	1,073	(303)	-28%
327/328 RDA L/M HOUSING	4,849,727	4,849,727	2,464,429	51%	2,283,962	180,467	8%
346 PUBLIC FACILITIES NON-AB1600	629,137	629,137	7,035,520	1118%	242,192	6,793,328	2805%
347 PUBLIC FACILITIES	74,737	74,737	98,914	132%	457,392	(358,478)	-78%
348 LIBRARY	526,000	526,000	67,458	13%	50,402	17,056	34%
350 UNDERGROUNDING	242,742	242,742	164,143	68%	35,381	128,762	364%
340/342 MH BUS.RANCH CIP I & II	2,270	2,270	1,279	56%	966	313	32%
360 COMMUNITY/REC IMPACT FUND	44,399	44,399	55,459	125%	4,069	51,390	1263%
TOTAL CAPITAL PROJECTS FUNDS	25,653,065	26,445,041	21,588,722	82%	14,558,604	7,030,118	48%
DEBT SERVICE FUNDS							
411 POLICE FACILITY BOND			578,682	n/a		578,682	n/a
536 ENCINO HILLS	1,495	1,495	-	n/a	640	(640)	-100%
539 MORGAN HILL BUSINESS PARK	250	250	-	n/a	111	(111)	-100%
542 SUTTER BUSINESS PARK	552	552	-	n/a	235	(235)	-100%
545 COCHRANE BUSINESS PARK	279,134	279,134	107,213	38%	109,906	(2,693)	-2%
551 JOLEEN WAY	41,235	41,235	40,433	98%	17,875	22,558	126%
TOTAL DEBT SERVICE FUNDS	322,666	322,666	726,328	225%	128,767	597,561	464%



City of Morgan Hill
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For the Month of February 2005
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FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
ENTERPRISE FUNDS							
640 SEWER OPERATION							
Sewer Service Fees	5,459,000	5,459,000	3,555,895	65%	3,536,973	18,922	1%
Interest Income	59,437	59,437	76,517	129%	76,313	204	0%
Other Revenue/Current Charges	110,500	110,500	113,282	103%	111,071	2,211	2%
640 SEWER OPERATION	5,628,937	5,628,937	3,745,694	67%	3,724,357	21,337	1%
641 SEWER EXPANSION							
Interest Income	94,826	94,826	87,673	92%	50,429	37,244	74%
Connection Fees	1,100,000	1,100,000	1,549,370	141%	1,576,534	(27,164)	-2%
Other	-	-	527	n/a	528	(1)	0%
641 SEWER EXPANSION	1,194,826	1,194,826	1,637,570	137%	1,627,491	10,079	1%
642 SEWER RATE STABILIZATION	84,161	84,161	55,767	66%	35,859	19,908	56%
643 SEWER-CAPITAL PROJECT	36,527	36,527	34,604	95%	277,217	(242,613)	-88%
TOTAL SEWER FUNDS	6,944,451	6,944,451	5,473,635	79%	5,664,924	(191,289)	-3%
650 WATER OPERATION							
Water Sales	5,821,375	5,821,375	4,451,803	76%	4,450,302	1,501	0%
Meter Install & Service	40,000	40,000	93,596	234%	28,489	65,107	229%
Transfers-In, and Interest Income	2,516,848	2,516,848	79,525	3%	739,703	(660,178)	-89%
Other Revenue/Current Charges	279,688	279,688	505,480	181%	375,254	130,226	35%
650 WATER OPERATION	8,657,911	8,657,911	5,130,404	59%	5,593,748	(463,344)	-8%
651 WATER EXPANSION							
Interest Income/Other Revenue/Transfer	5,000,000	5,000,000	5,424,587	108%	561,739	4,862,848	866%
Water Connection Fees	200,000	200,000	343,698	172%	272,452	71,246	26%
651 WATER EXPANSION	5,200,000	5,200,000	5,768,285	111%	834,191	4,934,094	591%
652 Water Rate Stabilization	445	445	370	83%	6,423	(6,053)	-94%
653 Water Capital Project	1,016,646	1,016,646	2,374,955	234%	557,897	1,817,058	326%
TOTAL WATER FUNDS	14,875,002	14,875,002	13,274,014	89%	6,992,259	6,281,755	90%
TOTAL ENTERPRISE FUNDS	21,819,453	21,819,453	18,747,649	86%	12,657,183	6,090,466	48%
INTERNAL SERVICE FUNDS							
730 INFORMATION SERVICES	279,995	279,995	203,005	73%	163,507	39,498	24%
740 BUILDING MAINTENANCE SERVICES	1,652,610	1,652,610	1,101,741	67%	595,480	506,261	85%
745 CIP ADMINISTRATION	1,395,765	1,395,765	754,865	54%	738,149	16,716	2%
760 UNEMPLOYMENT INSURANCE	60,484	60,484	30,243	50%	7,363	22,880	311%
770 WORKERS COMPENSATION	875,300	875,300	619,879	71%	304,234	315,645	104%
790 EQUIPMENT REPLACEMENT	373,009	384,009	244,736	64%	178,972	65,764	37%
793 CORPORATION YARD COMMISSION	136,715	136,715	47,865	35%	172,597	(124,732)	-72%
795 GENERAL LIABILITY INSURANCE	453,709	453,709	296,646	65%	257,575	39,071	15%
TOTAL INTERNAL SERVICE FUNDS	5,227,587	5,238,587	3,298,980	63%	2,417,877	881,103	36%



City of Morgan Hill
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For the Month of February 2005
67% of Year Completed

FUND REVENUE SOURCE	ADOPTED BUDGET	AMENDED BUDGET	CURRENT YTD ACTUAL	% OF BUDGET	PRIOR YTD	INCR (DECR) FROM PRIOR YTD	% CHANGE
AGENCY FUNDS							
841 M.H. BUS.RANCH A.D. I	-	-	283,219	n/a	379,755	(96,536)	-25%
842 M.H. BUS.RANCH A.D. II	-	-	25,088	n/a	36,175	(11,087)	-31%
843 M.H. BUS.RANCH 1998	905,353	905,353	674,651	75%	416,804	257,847	62%
844 M.H. RANCH REFUNDING 2004A	619,142	619,142	304,669	49%	1,117,583	(812,914)	-73%
845 MADRONE BP-TAX EXEMPT	826,553	826,553	420,486	51%	397,751	22,735	6%
846 MADRONE BP-TAXABLE	179,459	179,459	68,499	38%	83,500	(15,001)	-18%
848 TENNANT AVE.BUS.PK A.D.	37,993	37,993	33,447	88%	63,534	(30,087)	-47%
881 POLICE DONATION TRUST FUND	465	465	300	65%	202	98	49%
TOTAL AGENCY FUNDS	2,568,965	2,568,965	1,810,359	70%	2,495,304	(684,945)	-27%
TOTAL FOR ALL FUNDS	77,570,113	78,748,323	61,128,045	78%	45,064,773	16,075,688	36%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
010 GENERAL FUND								
I. GENERAL GOVERNMENT								
COUNCIL AND MISCELLANEOUS GOVT.								
	City Council	10,446	174,319	204,648	114,950	3,406	118,356	58%
	Community Promotions	1,075	28,114	28,114	10,574	-	10,574	38%
	COUNCIL AND MISCELLANEOUS GO	11,521	202,433	232,762	125,524	3,406	128,930	55%
	CITY ATTORNEY	24,159	566,191	850,022	604,889	98,128	703,017	83%
CITY MANAGER								
	City Manager	15,501	318,659	318,659	197,585		197,585	62%
	Cable Television	4,750	44,961	44,961	31,926	7,755	39,681	88%
	Communications & Marketing	8,472	71,045	71,045	41,767	-	41,767	59%
	CITY MANAGER	28,723	434,665	434,665	271,278	7,755	279,033	64%
RECREATION								
	Recreation	59,791	285,551	285,551	201,764	37,500	239,264	84%
	Community & Cultural Center	89,629	1,287,874	1,346,160	729,315	136,938	866,253	64%
	Aquatics Center	70,204	1,179,260	1,434,494	1,007,478	28,363	1,035,841	72%
	RECREATION	219,624	2,752,685	3,066,205	1,938,557	202,801	2,141,358	70%
HUMAN RESOURCES								
	Human Resources	40,596	485,417	485,417	317,432	3,800	321,232	66%
	Volunteer Programs	3,797	55,912	55,912	33,934	-	33,934	61%
	HUMAN RESOURCES	44,393	541,329	541,329	351,366		355,166	66%
CITY CLERK								
	City Clerk	17,288	252,920	277,261	168,552	-	168,552	61%
	Elections	3,164	100,296	100,296	71,241	-	71,241	71%
	CITY CLERK	20,452	353,216	377,557	239,793	-	239,793	64%
	FINANCE	66,152	927,325	927,325	589,213	-	589,213	64%
	MEDICAL SERVICES	-		5,000			-	n/a
	TOTAL GENERAL GOVERNMENT	415,024	5,777,844	6,434,865	4,120,620	315,890	4,436,510	69%
II. PUBLIC SAFETY								
POLICE								
	PD Administration	45,404	614,784	614,784	374,199	-	374,199	61%
	Patrol	299,993	4,106,920	4,121,520	2,581,064	3,722	2,584,786	63%
	Support Services	64,771	949,449	949,449	564,734	3,421	568,155	60%
	Emergency Services/Haz Mat	93	46,252	50,264	11,989	4,013	16,002	32%
	Special Operations	94,953	1,195,840	1,203,958	898,480	8,411	906,891	75%
	Animal Control	7,599	86,078	86,078	58,525		58,525	68%
	Dispatch Services	67,558	988,927	989,577	556,047	650	556,697	56%
	POLICE	580,371	7,988,250	8,015,630	5,045,038	20,217	5,065,255	63%
	FIRE	349,531	4,194,617	4,194,617	2,796,362	-	2,796,362	67%
	TOTAL PUBLIC SAFETY	929,902	12,182,867	12,210,247	7,841,400	20,217	7,861,617	64%
III. COMMUNITY IMPROVEMENT								
	PARK MAINTENANCE	51,887	705,572	706,957	438,352	15,296	453,648	64%
	TOTAL COMMUNITY IMPROVEMENT	51,887	705,572	706,957	438,352	15,296	453,648	64%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
IV. TRANSFERS								
	PD Bond Debt Service				57,299	-	57,299	n/a
	Community Center	4,167	50,000	50,000	33,333		33,333	
	Info Systems		49,025	49,025	49,025	-	49,025	100%
	RDA Capital Project	-		28,976	-	-	-	n/a
TOTAL TRANSFERS		4,167	99,025	128,001	139,657	-	139,657	109%
TOTAL GENERAL FUND		1,400,980	18,765,308	19,480,070	12,540,029	351,403	12,891,432	66%
SPECIAL REVENUE FUNDS								
202 STREET MAINTENANCE								
	Street Maintenance/Traffic	196,505	1,593,914	1,634,617	1,032,071	155,861	1,187,932	73%
	Congestion Management	3,362	80,329	80,329	39,573		39,573	49%
	Street CIP	29,789	44,993	521,028	186,763	181,518	368,281	71%
202 STREET MAINTENANCE		229,656	1,719,236	2,235,974	1,258,407	337,379	1,595,786	71%
204/205	PUBLIC SAFETY/SUPP.LAW	14,627	175,520	175,520	117,013		117,013	67%
206 COMMUNITY DEVELOPMENT FUND								
	Planning	99,935	1,086,783	1,236,714	760,335	92,872	853,207	69%
	Building	82,397	1,038,955	1,055,719	568,924	91,732	660,656	63%
	PW-Engineering	72,523	1,096,107	1,121,273	602,079	58,972	661,051	59%
206 COMMUNITY DEVELOPMENT FUND		254,855	3,221,845	3,413,706	1,931,338	243,576	2,174,914	64%
207	GENERAL PLAN UPDATE	1,331	60,498	147,742	23,021	60,059	83,080	56%
210	COMMUNITY CENTER	-	-	-	-	-	-	n/a
215/216	CDBG	3,665	288,007	657,039	61,178	77,677	138,855	21%
225	ASSET SEIZURE	-	-	-	35,519	11,678	47,197	n/a
229	LIGHTING AND LANDSCAPE	10,548	14,038	140,038	94,014	38,235	132,249	94%
232	ENVIRONMENT PROGRAMS	17,666	417,937	535,570	181,246	50,880	232,126	43%
234	MOBILE HOME PARK	124	5,202	200,545	10,426	185,931	196,357	98%
235	SENIOR HOUSING TRUST FUNI	2,336	20,180	20,180	3,806	3,465	7,271	36%
236	HOUSING MITIGATION FUND	-	1,015,000	1,015,000	-	-	-	n/a
240	EMPLOYEE ASSISTANCE	2,000	25,000	45,000	33,323	-	33,323	74%
TOTAL SPECIAL REVENUE FUNDS		536,808	6,962,463	8,586,314	3,749,291	1,008,880	4,758,171	55%
CAPITAL PROJECT FUNDS								
301	PARK DEVELOPMENT	7,041	2,062,944	2,889,271	66,622	107,647	174,269	6%
302	PARK MAINTENANCE	633	150,000	150,000	31,883		31,883	21%
303	LOCAL DRAINAGE	128	2,001,536	2,001,536	1,024		1,024	0%
304	LOCAL DRAIN. NON-AB1600	6,017	841,669	854,739	31,723		31,723	4%
306	OPEN SPACE	-			492		492	
309	TRAFFIC MITIGATION	34,680	1,050,000	2,234,433	344,514	520,351	864,865	39%
311	POLICE MITIGATION	1,281	88,937	98,444	68,842	10,000	78,842	80%
313	FIRE MITIGATION	115	101,380	132,676	920	9,101	10,021	8%
317	RDA BUSINESS ASSISTANCE	1,074,059	13,453,262	22,036,658	5,465,157	2,301,391	7,766,548	35%
327/328	RDA HOUSING	130,864	5,824,189	6,589,093	2,264,503	72,165	2,336,668	35%
340/342	MH BUS RANCH CIP				66,554		66,554	n/a
346	PUBLIC FAC.NON AB1600	3,589	553,000	7,506,199	6,921,532	445,417	7,366,949	98%
347	PUBLIC FACILITIES	114	1,365	11,115	910	9,750	10,660	96%
348	LIBRARY IMPACT	17	1,000,202	1,000,202	135		135	0%
350	UNDERGROUNDING	33	375,390	441,037	1,260	36,155	37,415	8%
360	COMM/REC CTR IMPACT	-	50,000	50,000	-	-	-	n/a
TOTAL CAPITAL PROJECTS FUNDS		1,258,571	27,553,874	45,995,403	15,266,071	3,511,977	18,778,048	41%



City of Morgan Hill
Year to Date Expenses - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Completed

FUND NO.	FUND/ACTIVITY	THIS MONTH ACTUAL EXPENSES	ADOPTED BUDGET	AMENDED BUDGET	YTD EXPENSES	OUTSTANDING ENCUMBRANCE	TOTAL ALLOCATED	PERCENT OF TOTAL TO BUDGET
DEBT SERVICE FUNDS								
441	POLICE FACILITY BOND DEBT	24	-	-	122,371	-	122,371	n/a
539	MORGAN HILL BUS. PARK A.D	-	-	-	-	-	-	n/a
542	SUTTER BUS. PARK A.D.	-	-	-	-	-	-	n/a
545	COCHRANE BUS. PARK A.D.	40,751	194,200	194,200	190,023	-	190,023	98%
551	JOLEEN WAY A.D.	655	39,561	39,561	31,695	-	31,695	80%
TOTAL DEBT SERVICE FUNDS		41,430	233,761	233,761	344,089	-	344,089	147%
ENTERPRISE FUNDS								
SEWER								
640	SEWER OPERATION	631,137	6,450,819	6,529,282	4,877,415	70,536	4,947,951	76%
641	CAPITAL EXPANSION	30,574	3,556,745	3,946,185	575,916	25,539	601,455	15%
642	SEWER RATE STABILIZATION	176	2,117	2,117	1,411	-	1,411	67%
643	SEWER-CAPITAL PROJECTS	16,451	472,539	1,381,515	618,275	206,169	824,444	60%
TOTAL SEWER FUND(S)		678,338	10,482,220	11,859,099	6,073,017	302,244	6,375,261	54%
WATER								
	Water Operations Division	360,646	6,541,316	6,812,203	3,693,046	434,757	4,127,803	61%
	Meter Reading/Repair	26,996	719,352	743,447	280,330	284,004	564,334	76%
	Utility Billing	28,144	392,283	392,283	253,709	7,144	260,853	66%
	Water Conservation	3,240	59,466	77,711	31,953	-	31,953	41%
650	WATER OPERATIONS	419,026	7,712,417	8,025,644	4,259,038	725,905	4,984,943	62%
651	CAPITAL EXPANSION	40,530	2,845,226	4,334,398	789,408	77,661	867,069	20%
652	WATER RATE STABILIZATION	41	493	493	329	-	329	67%
653	WATER-CAPITAL PROJECTS	63,073	1,115,923	3,170,822	459,890	263,730	723,620	23%
TOTAL WATER FUND(S)		522,670	11,674,059	15,531,357	5,508,665	1,067,296	6,575,961	42%
TOTAL ENTERPRISE FUNDS		1,201,008	22,156,279	27,390,456	11,581,682	1,369,540	12,951,222	47%
INTERNAL SERVICE FUNDS								
730	INFORMATION SERVICES	4,412	430,970	537,243	205,451	308,287	513,738	96%
740	BUILDING MAINTENANCE	92,451	1,343,445	1,343,445	836,883	34,628	871,511	65%
745	CIP ENGINEERING	92,182	1,395,765	1,431,786	755,381	42,722	798,103	56%
760	UNEMPLOYMENT	1,243	55,000	55,000	27,070	-	27,070	49%
770	WORKERS COMPENSATION	16,143	767,200	789,775	374,660	-	374,660	47%
790	EQUIPMENT REPLACEMENT	131	187,240	237,240	21,041	15,779	36,820	16%
793	CORP YARD COMMISSION	3,238	130,200	173,208	80,106	15,471	95,577	55%
795	GEN. LIABILITY INSURANCE	-	427,700	427,700	316,010	-	316,010	74%
TOTAL INTERNAL SERVICE FUNDS		209,800	4,737,520	4,995,397	2,616,602	416,887	3,033,489	61%
AGENCY FUNDS								
841	MORGAN HILL BUS RANCH I	-	-	-	299,893	-	299,893	n/a
842	MORGAN HILL BUS RANCH II	-	-	-	31	-	31	n/a
843	MORGAN HILL BUS RANCH 98	278,432	893,395	893,398	866,071	-	866,071	97%
844	MH RANCH RSMNT 2004A	81,730	598,873	598,873	175,198	-	175,198	29%
845	MADRONE BP-TAX EXEMPT	2,527	800,730	800,730	505,469	-	505,469	63%
846	MADRONE BP-TAXABLE	960	175,480	175,480	103,147	-	103,147	59%
848	TENNANT AVE BUS PARK AD	-	-	-	-	-	-	n/a
881	POLICE DONATION TRUST	-	-	-	-	-	-	n/a
TOTAL AGENCY FUNDS		363,649	2,468,478	2,468,481	1,949,809	-	1,949,809	79%
REPORT TOTAL		5,012,246	82,877,683	109,149,882	48,047,573	6,658,687	54,706,260	50%



YTD INCOME STATEMENT FOR CURRENT AND PRIOR YEAR

	Sewer Operations				Water Operations			
	Budget	YTD	% of Budget	Prior YTD	Budget	YTD	% of Budget	Prior YTD
Operations								
Revenues								
Service Charges	\$ 5,459,000	\$ 3,555,895	65%	\$ 3,536,973	\$ 5,821,375	\$ 4,451,803	76%	\$ 4,450,302
Meter Install & Service					40,000	93,596	234%	28,489
Other	110,500	113,282	103%	111,071	279,688	515,654	184%	389,371
Total Operating Revenues	5,569,500	3,669,177	66%	3,648,044	6,141,063	5,061,053	82%	4,868,162
Expenses								
Operations	4,682,409	3,183,452	68%	3,073,559	4,750,307	3,235,236	68%	3,263,597
Meter Reading/Repair					637,156	280,330	44%	271,288
Utility Billing/Water Conservation					399,783	285,662	71%	237,799
Total Operating Expenses	4,682,409	3,183,452	68%	3,073,559	5,787,246	3,801,228	66%	3,772,684
Operating Income (Loss)	887,091	485,725		574,485	353,817	1,259,825		1,095,478
Nonoperating revenue (expense)								
Interest Income	59,437	76,517	129%	76,313	16,848	69,351	412%	28,396
Interest Expense/Debt Services	(573,410)	(572,296)	100%	(719,378)	(243,249)	(134,848)	55%	(158,960)
Principal Expense/Debt Services	(975,000)	(975,000)	100%	(1,115,000)	(310,296)	(42,962)	14%	(31,260)
Total Nonoperating revenue (expense)	(1,488,973)	(1,470,779)		(1,758,065)	(536,697)	(108,459)		(161,824)
Income before operating xfers	(601,882)	(985,054)		(1,183,580)	(182,880)	1,151,366		933,654
Operating transfers in	-	-		-	2,500,000	-		697,190
Operating transfers (out)	(220,000)	(146,667)	67%	(525,523)	(420,000)	(280,000)	67%	(433,924)
Net Income (Loss)	\$ (821,882)	\$ (1,131,721)		\$ (1,709,103)	\$ 1,897,120	\$ 871,366		\$ 1,196,920



**City of Morgan Hill
Balance Sheets - Water and Sewer Funds
For the Month of February 2005
67% of Year Completed**

	Sewer Operations (640)	Sewer Expansion Stabilization Capital Projects (641-643)	Water Operations (650)	Water Expansion Stabilization Capital Projects (651-653)
ASSETS				
Cash and investments:				
Unrestricted	2,148,323	6,194,850	3,532,345	4,251,391
Restricted ¹	1,894,204	6,834,552	406,599	5,932,312
Accounts Receivable		8,275		589
Utility Receivables	689,441		735,326	
Less Allowance for Doubtful Accounts	(16,091)		(19,501)	
Notes Receivable ²		10,129	273,763	
Fixed Assets ³	31,101,346	11,110,295	24,500,753	10,533,790
Total Assets	35,817,223	24,158,101	29,429,285	20,718,082
LIABILITIES				
Accounts Payable and Accrued Liabilities	500,721	110,628	75,609	
Deposits for Water Services & Other Deposits			37,913	
Deferred Revenue ⁴				
Bonds Payable	24,275,000		5,830,437	
Discount on Bonds and Other Liabilities	(2,565,506)		(978,154)	273,762
Accrued Vacation and Comp Time	53,324		91,554	
Total liabilities	22,263,539	110,628	5,057,359	273,762
FUND EQUITY				
Contributed Capital	7,735,831		14,356,292	
Retained Earnings				
Reserved for:				
Noncurrent water/sewer assets & debt	9,338,528	11,110,295	19,830,679	10,260,028
Encumbrances	70,536	231,708	725,905	341,391
Notes Receivable		10,129		
Restricted Cash	1,894,204		406,599	5,932,312
Total Reserved Retained Earnings	11,303,268	11,352,132	20,963,183	16,533,731
Unreserved Retained Earnings	2,250,416	12,695,341	3,408,743	3,910,589
Total Fund Equity	13,553,684	24,047,473	24,371,926	20,444,320
Total Liabilities and Fund Equity	35,817,223	24,158,101	29,429,285	20,718,082

¹ Restricted for Bond Reserve requirements and capital expansion.

² Includes Note for Sewer Financing Agreements.

³ Includes Water and Sewer infrastructure and the City's share of the Wastewater treatment plant.

⁴ Includes the deferred payment portion of the loans noted above.



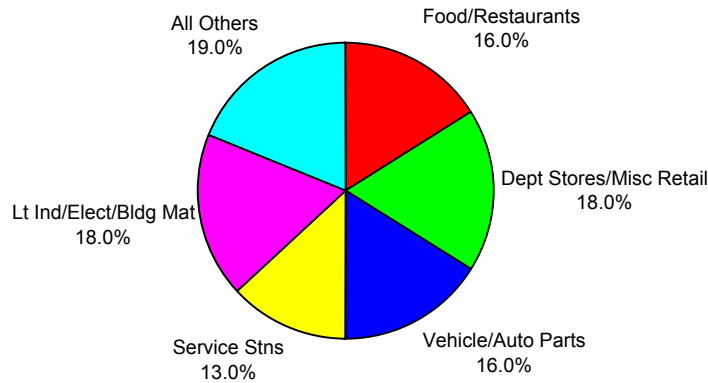
¹ Restricted for Petty Cash use, Bond Reserve requirements and sewer and water capital expansion.
² Includes Housing Rehab loans, Financing Agreements for Public Works Fees and loans for several housing and Agency projects.
³ Includes Water and Sewer infrastructure, the City's share of the Wastewater treatment plant and RDA properties held for resale.
⁴ Includes the deferred payment portion of the loans noted above.
⁵ Designated as a general reserve.



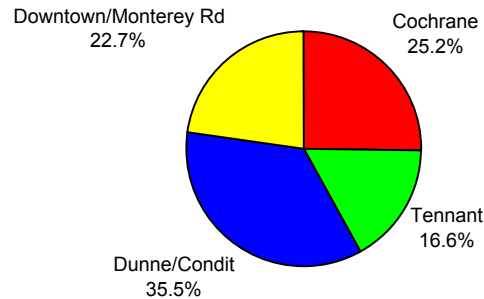
City of Morgan Hill
Sales Tax Comparison - Fiscal Year 2004/05
For the Month of February 2005
67% of Year Completed

Month	Amount Collected for Month for Fiscal Year			Amount Collected YTD for Fiscal Year			Comparison of YTD for fiscal years	
	04/05	03/04	02/03	04/05	03/04	02/03	04/05 to 03/04	04/05 to 02/03
July	\$307,500	\$338,300	\$367,600	\$307,500	\$338,300	\$367,600	(30,800)	(60,100)
August	\$401,200	\$451,000	\$447,000	\$708,700	\$789,300	\$814,600	(80,600)	(105,900)
September	\$518,724	\$232,994	\$361,932	\$1,227,424	\$1,022,294	\$1,176,532	205,130	50,892
October	\$223,145	\$316,100	\$354,915	\$1,450,569	\$1,338,394	\$1,531,447	112,175	(80,878)
November	\$299,300	\$421,400	\$474,800	\$1,749,869	\$1,759,794	\$2,006,247	(9,925)	(256,378)
December	\$442,460	\$331,624	\$384,154	\$2,192,329	\$2,091,418	\$2,390,401	100,911	(198,072)
January	\$708,525	\$349,500	\$368,600	\$2,900,854	\$2,440,918	\$2,759,001	459,936	141,853
February	\$297,415	\$428,600	\$487,195	\$3,198,269	\$2,869,518	\$3,246,196	328,751	(47,927)
March		\$292,930	\$225,908		\$3,162,448	\$3,472,104		
April		\$340,500	\$292,698		\$3,502,948	\$3,764,802		
May		\$385,525	\$394,500		\$3,888,473	\$4,159,302		
June		\$261,782	\$477,624		\$4,150,255	\$4,636,926		
Year To Date Totals				\$3,198,269	\$4,150,255	\$4,636,926		
Sales Tax Budget for Year				\$4,600,000	\$4,650,000	\$5,330,000		
Percent of Budget				70%	89%	87%		
Percent of increase(decrease)							11%	-1%

**Sales Tax Distribution
by Business Segment
Second Quarter 2004**



**Sales Distribution
by Area
Second Quarter 2004**





CITY COUNCIL STAFF REPORT
MEETING DATE: MARCH 23, 2005

AWARD BUTTERFIELD BLVD./SAN PEDRO AVE.

SEWER TRUNK PROJECT

RECOMMENDED ACTION(S):

1. Award contract to McGuire and Hester for the construction of the Butterfield Blvd./San Pedro Ave. Sewer Trunk project in the amount of \$303,190.
2. Authorize expenditure of construction contingency funds not to exceed \$30,319.
3. Appropriate \$133,500 from the un-appropriated Sewer Capital Expenditure Fund (AB1600).

EXECUTIVE SUMMARY:

The scope of work for this project includes installing 24" PVC sewer pipe adjacent to Butterfield Boulevard between Main and Central, and installing 24" PVC sewer pipe in San Pedro Avenue between Butterfield and Railroad, including trenching, backfilling, compacting, testing, and all appurtenances to complete the work as described on the Plans and Specifications.

The bid opening was held on March 10, 2005 and the bids received are as listed below. The low bidder has many years of experience in underground and street improvement projects and has previously performed work for the City of Morgan Hill. Staff recommends award of the contract to McGuire and Hester. This project is scheduled to begin construction in April 2005 and be completed by June 2005. McGuire and Hester's bid was 21% higher than the engineer's estimate of \$240,000. The engineer's estimate was derived from the average unit costs associated with the previous Butterfield Sewer Trunk project bids. According to the low bidder, the material costs for the work involved, such as asphalt, backfill and pipe/fittings have substantially increased.

McGuire & Hester	\$303,190
Pacific Underground	\$347,705
Granite Construction Co.	\$350,880
Trinet Construction	\$443,000
Don Chapin Company	\$443,980
J. Howard Engineering	\$547,178

FISCAL IMPACT: The total contract cost for this project is \$333,509, which includes a 10% contingency of \$30,319. Originally, the entire project was to be funded under the Sewer Replacement Fund (643), project #302093. Currently, the balance of 302093 is approximately \$200,000. Staff recommends that \$133,500 be appropriated from the un-appropriated Sewer Capital Expenditure Fund (AB1600). The project will be funded under project #302I04.

Agenda Item #

Prepared By:

Daniel Dittler
Associate Engineer

Approved By:

[Signature]
Public Works Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: March 23, 2005

WILDLIFE EDUCATION AND INTERPRETATION AREA DESIGNATION

RECOMMENDED ACTION(S): Approve the Attached Resolution

EXECUTIVE SUMMARY: The City has long history of supporting environmental protection and preserving vital open space and wildlife habitat. Staff was recently asked to consider providing a location for wildlife educational displays along the proposed trail between West Little Llagas Creek and the Indoor Recreation Center. The displays would provide an educational opportunity and would add to the recreation value of the site.

Since this land is the City's property, the City must formally approve the placement of the displays and must take steps to avoid creating a "public forum" on all City land. Staff has developed the attached resolution designating this area as a Wildlife Education and Interpretation Area in which educational displays and structures can be placed. The final design and messages would be subject to City Council approval before they can proceed.

Staff recommends that the Council approve the attached resolution designating a Wildlife Education and Interpretation Area. The Utilities and Environment Subcommittee has reviewed this proposal and supports the resolution as well.

FISCAL IMPACT: No budget adjustment is requested at this time.

Agenda Item # 4

Prepared By:

Program Administrator

Approved By:

Public Works Director

Submitted By:

City Manager

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY
OF MORGAN HILL DESIGNATING A WILDLIFE
EDUCATION AND INTERPRETATION AREA**

WHEREAS, the City of Morgan Hill is surrounded by a variety of rich wildlife habitat;
and

WHEREAS, local creeks running through the City provide habitat for a large number of
important plants and animals; and

WHEREAS, the City is applying for grant funds to establish a trail between the eastern
edge of the planned Indoor Recreation Center and West Little Llagas Creek; and

WHEREAS, there is an opportunity for displays to be placed in the area adjacent to this
trail educating the public about Morgan Hill wildlife;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan
Hill that the City Council:

1. Designates the area adjacent to the trail and between Edes Court and Edmundson Avenue a
Wildlife Education and Interpretation Area; and
2. Allows community groups, governmental agencies, and other organizations that have a
primary purpose of protecting wildlife or preserving wildlife habitat to propose to construct
and place wildlife educational displays and structures in the Wildlife Education and
Interpretation Area; and
3. Requires that proposals to place wildlife education displays and structures must clearly
indicate how the display will be constructed, will state what the educational message of the
display will be, and will commit the owner of the display to properly maintain the display;
and
4. Indicates that the City Council shall be the governing body that considers proposals
authorized by this resolution.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held
on the 23rd Day of March, 2005 by the following vote.

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

🍷 CERTIFICATION 🍷

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Special Meeting held on March 23, 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 23, 2005*

TRAILS GRANT PROPOSALS AUTHORIZATION

RECOMMENDED ACTION(S): Adopt the resolution authorizing the filing of three separate applications for local assistance funds from the Trails and Open Space Grant Program under the Clean, Safe Creeks and Natural Flood Protection Program of 2000

EXECUTIVE SUMMARY: The City has long had an interest in expanding the trails located throughout the community. The Santa Clara Valley Water District currently is accepting applications for grant funds available to expand trails. Staff is proposing that the City submit three applications to the District. These are:

1. A proposal to extend the Butterfield Boulevard Linear Park from Main to Central. The total project cost for this extension would be \$160,000 with an anticipated grant of \$136,000;
2. A proposal to develop a Trails and Natural Resources Study. The study will identify new trail locations throughout the City's sphere of influence that are adjacent to creeks and streams. The total project cost would be \$39,000 with a grant request of \$28,000; and
3. A proposal to develop a trail between the eastern edge of the Indoor Recreation Center and West Little Llagas Creek between Edes Ct. and Edmundson Avenue. This trail would serve as a Demonstration Water Conservation area and, if the Council designates, a Wildlife Education Zone. The total project cost would be \$361,673 with a grant request of \$100,000.

Staff recommends that the Council approve the attached resolution authorizing the City Manager to execute all necessary documents, including but not limited to, applications, agreements, amendments, and payment requests to secure grant funds and to implement and carry out the purposes specified in the grant.

FISCAL IMPACT: No budget adjustment is requested at this time. If the grant applications are successful, staff will bring back a request for the appropriation(s) needed for grant matching funds.

Agenda Item #5

Prepared By:

Program Administrator

Approved By:

Public Works Director

Submitted By:

City Manager

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL AUTHORIZING THE SUBMITTAL OF TRAILS
AND OPEN SPACE GRANT APPLICATIONS TO THE SANTA
CLARA VALLEY WATER DISTRICT**

WHEREAS, the Santa Clara Valley Water District has enacted the Trails and Open Space Grant Program, which provides funds for the acquisition and development of neighborhood, community, and regional parks and recreation lands and facilities; and

WHEREAS, the Santa Clara Valley Water District's Watershed planning Unit has been delegated the responsibility for the administration of the grant program, setting up necessary procedures; and

WHEREAS, said procedures established by the Santa Clara Valley Water District require the City Council to approve by resolution the submittal of an application for Trails and Open Space Grant Program funds; and

WHEREAS, the City will enter into an agreement with the Santa Clara Valley Water District; and

WHEREAS, the City has an interest in expanding trails along recreation corridors in the City; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morgan Hill that the City Council:

1. Approves the filing of three separate applications for local assistance funds from the Trails and Open Space Grant Program under the Clean, Safe Creeks and Natural Flood Protection Program of 2000 for the extension of the Butterfield Linear Park, for the development of a Trails and Natural Resources Study, and for the creation of a trail between the Indoor Recreation Center and West Little Llagas Creek; and

2. Certifies that the City has or will have sufficient funds to operate and maintain the Project(s); and

3. Certifies that the City has reviewed, understands and agrees to the Special Provisions, General Provisions and Financial Provisions contained in the Agreement; and

4. Appoints the City Manager as agent to conduct all negotiations, execute and submit all documents including, but not limited to Applications, agreements, payment requests and so on, which may be necessary for the completion of Project(s).

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 23rd Day of March, 2005 by the following vote.

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

🏛️ CERTIFICATION 🏛️

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA,
do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City
Council at a Special Meeting held on March 23, 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: March 23, 2005

Agenda Item # 6

Prepared By:

**Human Resources
Director**

Submitted By:

City Manager

CONTRACT FOR WORKERS' COMPENSATION THIRD PARTY ADMINISTRATOR (TPA)

RECOMMENDED ACTIONS:

1. Authorize the City Manager to execute a consultant services agreement for third party administration of workers' compensation at a cost not to exceed \$48,000 annually and \$68,000 over the term of the agreement.

EXECUTIVE SUMMARY:

Since February 1, 2002 the City has used the services of Athens Administrators to administer our self-insured workers' compensation program. Athens has established a record of consistent professional service to the City and to our employees. They also received a 93 percent ranking of "Excellent" by an independent audit of our claims.

Our current agreement with Athens Administrators will be renewed and extended with this action through June 30, 2006.

Efficient and timely handling of the City's workers' compensation claims for on-the-job injuries is consistent with the Council's goal to improve Day-to-Day Operations.

FISCAL IMPACT: Cost of the contract for fiscal year 04/05 is included in the budgeted funds for the workers' compensation program.

LIST OF ATTACHMENTS:

ATTACHMENT A:

Services

ATTACHMENT B:

Service Fees

CONSULTANT AGREEMENT ATHENS ADMINISTRATORS

THIS AGREEMENT is made this ____ day of _____, 20__, by the CITY OF MORGAN HILL, a municipal corporation, ("CITY"), and ATHENS ADMINISTRATORS, a California corporation (CONSULTANT").

RECITALS

The following recitals are a substantive part of this Agreement:

1. This Agreement is entered into pursuant to the City of Morgan Hill City Council approval on _____.
2. CONSULTANT is qualified by virtue of experience, training, education, and expertise to accomplish these services.

AGREEMENT

THE PARTIES MUTUALLY AGREE AS FOLLOWS:

1. **Term of Agreement.** This Agreement shall cover services rendered from February 1, 2005, until June 30, 2006.
2. **Services to be Provided.** The services to be performed by CONSULTANT shall consist of providing third party workers' compensation claim administration services for the CITY as further specified in Exhibit "A."
3. **Compensation.** CONSULTANT shall be compensated as follows:
 - 3.1. **Amount.** (\$48,000.00.) Compensation under this Agreement shall not exceed Forty Eight Thousand and No/100 Dollars.
 - 3.2. **Payment.** For work under this Agreement, payment shall be made per monthly invoice. For extra work not a part of this Agreement, written authorization by CITY will be required, payment shall be based on hourly rates in Exhibit "B" attached and incorporated herein by this reference.
 - 3.3. **Records of Expenses.** CONSULTANT shall keep accurate records of payroll, travel, and expenses. These records will be made available to CITY.
 - 3.4. **Termination.** CITY and CONSULTANT shall have the right to terminate this Agreement, without cause, by giving fifteen (15) days' written notice.
4. **Insurance Requirements.**
 - 4.1. **Commencement of Work.** CONSULTANT shall not commence work under this Agreement until it has obtained CITY approved insurance. For general liability and automobile insurance policies, CONSULTANT shall provide CITY, prior to commencement of work, with a separate endorsement which states that the policy

contains the following language:

- The CITY, its elected officials, officers, employees, agents and representatives are named as additional insureds; and,
- the insurer waives the right of subrogation against CITY and CITY'S elected officials, officers, employees, agents, and representatives; and,
- insurance shall be primary non-contributing.

CONSULTANT shall furnish CITY with copies of all policies or certificates subject to this Agreement, whether new or modified, promptly upon receipt. No policy subject to this Agreement shall be canceled or materially changed except after thirty (30) days' notice by the insurer to CITY by certified mail.

4.2. Workers Compensation Insurance. CONSULTANT and all subcontractors shall maintain Worker's Compensation Insurance, if applicable.

4.3. Insurance Types and Amounts. CONSULTANT shall maintain general commercial liability and automobile insurance against claims and liabilities for personal injury, death, or property damage, providing protection of at least \$1,000,000 for bodily injury or death to any one person for any one accident or occurrence and at least \$1,000,000 for property damage. CONSULTANT shall also maintain professional liability insurance in an amount of \$1,000,000 per claim.

4.4. Acceptability of Insurers. All insurance required by this Agreement shall be carried only by responsible insurance companies licensed to do business in California. Insurance is to be placed with insurers with a current A.M. Best's rating of no less than A:VII.

4.5. Provision of Agreement to Insurers. CONSULTANT represents and warrants that they have provided a copy of this Agreement to their respective insurers, and the insurers are aware of all obligations pertaining to CONSULTANT as stated in this Agreement.

5. Non-Liability of Officials and Employees of the CITY. No official or employee of CITY shall be personally liable for any default or liability under this Agreement.

6. Non-Discrimination. CONSULTANT covenants there shall be no discrimination based upon race, color, creed, religion, gender, marital status, age, disability, national origin, or ancestry, in any activity pursuant to this Agreement.

7. Independent Contractor. It is agreed to that CONSULTANT shall act and be an independent contractor and not an agent or employee of CITY.

8. Compliance with Law. CONSULTANT shall comply with all applicable laws, ordinances, codes, and regulations of the federal, state, and local government.

9. Ownership of Work Product. All documents or other information developed or received by CONSULTANT for work performed under this agreement shall be the property of CITY. CONSULTANT shall provide CITY with copies of these items upon demand or

upon termination of this Agreement.

10. **Conflict of Interest and Reporting.** CONSULTANT shall at all times avoid conflict of interest or appearance of conflict of interest in performance of this Agreement.

11. **Notices.** All notices shall be personally delivered or mailed, via first class mail to the below listed address. These addresses shall be used for delivery of service of process. Notices shall be effective five (5) days after date of mailing, or upon date of personal delivery.

Address of CONSULTANT is as follows:

Athens Administrators
P.O. Box 696
Concord, CA 94522-0696

Address of CITY is as follows:

Human Resources Director	with a copy to:
City of Morgan Hill	City Clerk
17555 Peak Avenue	17555 Peak Avenue
Morgan Hill, CA 95037	Morgan Hill, CA 95037

12. **CONSULTANT'S Proposal.** This Agreement shall include CONSULTANT'S proposal or bid, which is incorporated herein. In the event of any inconsistency between the terms of the proposal and this Agreement, this Agreement shall govern.

13. **Licenses, Permits, and Fees.** CONSULTANT shall obtain a City of Morgan Hill Business License, all permits, and licenses as may be required by this Agreement.

14. **Familiarity with Work.** By executing this Agreement, CONSULTANT warrants that: (1) it has investigated the work to be performed; (2) it has investigated the site of the work and is aware of all conditions there; and (3) it understands the difficulties and restrictions of the work under this Agreement. Should CONSULTANT discover any conditions materially differing from those inherent in the work or as represented by CITY, it shall immediately inform CITY and shall not proceed, except at CONSULTANT'S risk, until written instructions are received from CITY.

15. **Time of Essence.** Time is of the essence in the performance of this Agreement.

16. **Limitations Upon Subcontracting and Assignment.** Neither this Agreement or any portion shall be assigned by CONSULTANT, without prior written consent of CITY.

17. **Authority to Execute.** The persons executing this Agreement on behalf of the parties warrant that they are duly authorized to execute this Agreement.

18. **Indemnification.** CONSULTANT agrees to protect, defend and hold harmless CITY and its elective or appointive boards, officers, agents, and employees from any and all claims, liabilities, expenses, or damages of any nature, including reasonable attorneys' fees, for injury or death of any person, or damage to property, or interference with use of property, to the extent arising out of performance of the Agreement by CONSULTANT,

CONSULTANT'S agents, officers, employees, subcontractors, or independent contractors hired by CONSULTANT. The only exception to CONSULTANT'S responsibility to protect, defend, and hold harmless CITY is due to the sole negligence of CITY as adjudged by a court of competent jurisdiction. This agreement shall apply to all liability, regardless of whether any insurance policies are applicable. The policy limits do not act as a limitation upon the amount of indemnification to be provided by CONSULTANT.

19. **Modification**. This Agreement constitutes the entire agreement between the parties and supersedes any previous agreements, oral or written. This Agreement may be modified or provisions waived only by subsequent mutual written agreement executed by CITY and CONSULTANT.

20. **California Law**. This Agreement shall be construed in accordance with the laws of the State of California. Any action commenced about this Agreement shall be filed in the Santa Clara County Superior Court.

21. **Interpretation**. This Agreement shall be interpreted as though prepared by both parties.

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22. **Preservation of Agreement**. Should any provision of this Agreement be found invalid or unenforceable, the decision shall affect only the provision interpreted, and all remaining provisions shall remain enforceable.

IN WITNESS THEREOF, these parties have executed this Agreement on the day and year shown below.

ATTEST:

THE CITY OF MORGAN HILL

City Clerk

Date: _____

City Manager

Date: _____

APPROVED:

ATHENS ADMINISTRATORS

Risk Manager

Date: _____

By:

Date: _____

APPROVED AS TO FORM:

City Attorney

Date: _____

EXHIBIT A

SERVICES

CLAIMS ADMINISTRATION

To make all disability payments and send all notices in a timely manner, abiding by all applicable provisions of the California Labor Code.

To decide on behalf of CITY what benefits, if any, should be paid or rendered under the applicable workers' compensation laws in each reported claim.

To establish and maintain a claim file, with a diary date not to exceed thirty (30) days, on each active claim upon which indemnity benefits are being paid; A diary not to exceed sixty (60) days on all other open, active Indemnity claims; and a supervisory review diary not to exceed one-hundred-twenty (120) days, or more often when needed.

To pay medical expenses, temporary or permanent disability, Allocated Loss Expense, rehabilitation expense, claims and all other workers' compensation benefits payable to the injured employees of CITY or their dependents in the event of death as prescribed by law ("Claim Expenses") out of funds provided by CITY.

To make payments of bills in a timely manner after review by an auditing firm and pay all bills or invoices within thirty (30) working days of initial receipt of the bills(s) or invoice(s) from the bill review company chosen by CITY.

To provide all forms and supplies necessary for the efficient operation of the self-insurance program, including customized benefit checks bearing CITY'S name and logo, and to prepare and file all legally required forms and documents including but not limited to, Self-Insurers' Annual Reports, 1099 reports to the IRS by magnetic media, all reports necessary for CITY'S insurance carrier(s) to file the requisite Unit Statistical Filings in the State of California, and any and all other documents and reports now or in the future required by the state or federal government or any other agency associated with CITY'S workers' compensation program.

To use best efforts to close all claim files, as expeditiously as possible.

INVESTIGATION

To examine, on behalf of CITY, all reports of industrial injury or disease relating to CITY'S employees or former employees and reported to CONSULTANT.

To make personal telephone contact with each injured employee of CITY whose claim results in more than three lost time days from work, and, where appropriate the CITY facility, within 48 hours of assignment of the claim to CONSULTANT, and to document such contact in the claim file.

To take necessary statements and investigate facts of the injury or illness within the required ninety day time period for the delay and investigation of questionable claims, when warranted by the damages and legal liability exposure.

To maintain contact with claimants, on an ongoing basis, to effect necessary control. To assign activity checks or surveillance when agreed upon by CITY and CONSULTANT.

To recognize and investigate subrogation/contribution possibilities and preserve needed evidence.

To evaluate all reserves and settlement potential with each file review, based on information gathered in the investigation.

FILE MANAGEMENT AND REPORTING

To maintain a claim file on each reported claim which shall be available to CITY at all times for inspection and to conduct, at a time and frequency to be determined by CITY, claim file reviews with CITY at CONSULTANT'S offices or CITY'S facilities.

To consult with and advise CITY on any matter arising in connection with the business of CITY which involves the subject matter of this Agreement.

To provide CITY with computer-generated loss runs, case logs, check registers, risk analysis reports and any other claim-related reports requested by CITY, at a frequency and number to be mutually agreed upon.

To subscribe to and pay for on CITY'S behalf, enrollment in the Index Bureau System and to report to the Index Bureau on each and every Indemnity Claim.

To provide for CITY the ability to be on-line with the CONSULTANT computer system. In addition CONSULTANT will, at no additional charge, train CITY personnel in the use of this program, including report generation.

To promptly provide CITY, at CITY'S request, with copies of all legally allowable correspondence generated on those claim files which are litigated and to immediately notify and keep CITY closely informed on those claims involving allegations of Serious and Willful Misconduct or alleged violation(s) of California Labor code Section 132(a).

To promptly provide CITY with written notification, in a format acceptable to CITY, on all claims with an initial reserve of \$20,000, and on all claims with an aggregate reserve increase of \$20,000. Requests for claim settlement of \$20,000 or more must be first submitted in writing in a format approved by CITY, for approval by CITY. In addition, CONSULTANT must, immediately upon notice, verbally report to CITY the following types of claims:

Fatality, quadriplegia, paraplegia, amputation of a major extremity, heart attack, back claims, requiring surgery, serious burns or other disfigurement, loss of sight or hearing, brain damage, surgical intervention, or any other extreme permanent injury.

To notify CITY immediately if it appears an employee is unable or should not perform his or her usual and customary job duties.

To clearly explain in the claim file the basis for the initial reserve, any reserve revisions, and all payments.

To document all phone conversations, discussions and meetings held on each case in the claim file.

LITIGATION MANAGEMENT

To give consideration to either settlement or defense of the case once a lawsuit is filed by a claimant. CONSULTANT will document the process in the file.

To select defense counsel on the basis of needed expertise and expected performance.

To outline work to be done, by whom, and in what time frame in a letter of direction to defense counsel. If a verbal assignment is made in the interests of time, the claim file must reflect the scope of the instruction. CONSULTANT will document by a written communication to counsel.

To manage defense counsel activity on an ongoing basis and obtain status reports from defense counsel every sixty (60) days, unless otherwise agreed to by CITY.

To obtain within thirty (30) days after case receipt defense counsel's written opinion which will include the evaluation of liability, verdict potential, settlement value, and settlement/defense strategy.

To solicit itemized legal bills and review for payment consideration at least bi-monthly and share those with CITY.

MEDICAL CONTROL

To schedule timely medical examinations with physicians specializing in the types of disabilities involved and provide them relevant medical and job information that could affect their medical evaluation.

To monitor treatment programs for injured employees including the review of all "Doctor's First Report of Work Injury" to ensure that the treatment is related to a compensable injury or illness.

To review all medical bills for causal relationship to the accident and reasonableness of treatment prior to payment.

To utilize medical bill review service on all requisite medical bills.

To provide CITY with monthly bill review costs and savings results.

To cooperate with CITY or third party claims audit services in the conduct of periodic claim audits.

To consult with CITY'S personnel and provide guidance and evaluations of the physical capabilities of injured employees to return to work.

CONFIDENTIALITY

All services performed under this agreement are confidential and will not be disclosed to any third party by CONSULTANT without CITY'S prior written consent.

CITY'S OBLIGATIONS

CITY agrees:

To promptly report to CONSULTANT as they shall occur and become know to CITY, the incidents of occupational injury, disease or death of CITY'S employees in the State of California.

To promptly forward to CONSULTANT all applications, notices of claims, notices of

hearings or other legal notices pertaining to claims against CITY or occupational injury, disease or death in the State of California.

That failure of CONSULTANT to settle a claim or loss within the discretionary settlement authority limit shall not subject CONSULTANT to liability in the event of an adverse judgment, except where such failure is a result of CONSULTANT'S gross negligence, willful misconduct or breach of this Agreement.

To be responsible for administering the escheat process.

GENERAL TERMS AND CONDITIONS

Authority. CONSULTANT shall have authority to adjust, settle or resist without CITY'S prior approval, any claim or loss up to \$20,000, not inclusive of monies already paid.

Funds for Payment. CONSULTANT shall pay Claim Expenses from a bank account established by CONSULTANT and funded by CITY. CONSULTANT shall administer such account in accordance with this Agreement as trustee of CITY.

PENALTIES

Penalties imposed by the Workers' Compensation Appeals Board, Department of Industrial Relations, the Division of Workers' Compensation, the Federal Government, or any judicial forum or quasi-judicial forum in the State of California, arising out of the handling and/or litigating of workers' compensation claims, shall be the responsibility of CITY if imposed as a result of actions taken by CONSULTANT at the written direction of CITY. Penalties for delay in payment of benefits caused by CITY'S gross failure to timely report claims to CONSULTANT shall be the responsibility of CITY if such failure is the overriding factor in such delay. Penalties as a result of CONSULTANT'S performance of services under this Agreement, including penalties for delay in payment of benefits and bills shall be the responsibility of CONSULTANT.

CONSULTANT shall provide CITY with a quarterly accounting of penalties paid by CONSULTANT on behalf of CITY including a description and detailed listing of each penalty payment and the specific claim file to which the penalty payment was charged. Penalties shall be paid out of CITY'S benefit account and CONSULTANT shall reimburse CITY quarterly for those penalties which are the responsibility of CONSULTANT under the terms and conditions of this Agreement.

Notwithstanding anything to the contrary in this Agreement, upon receipt by CONSULTANT of a notice of claim from CITY upon which indemnity benefits shall be paid or notice given promptly to the employee in order to avoid late payment of benefit penalties, CONSULTANT shall have seventy-two hours (excluding weekends and holidays) from the date of receipt of the claim from CITY, to investigate and pay the temporary disability or send the required wage continuation notice, and that failure on the part of CONSULTANT to do so within this time frame shall be the financial responsibility of CONSULTANT for any fine imposed for late notice or payment of benefits. Any fines or penalties for late payment or notice of benefits on claims which are received from CITY by CONSULTANT on or after the 11th day of disability shall be the responsibility of CITY.

CONSULTANT will be responsible for any fines or penalties associated with questionable or controverted claims which CONSULTANT denies without first consulting and obtaining approval by CITY for denial of the claims.

CONSULTANT will be responsible for any fines or penalties assessed on delayed or denied claims if such claims were delayed or denied at the recommendation of CONSULTANT. CONSULTANT will not be responsible for any fines or penalties levied by the division of Workers' Compensation or any other judicial or quasi-judicial organization for improper denial of a claim if, over the objections of CONSULTANT, CONSULTANT has denied said claim at the direction of CITY.

EXHIBIT B

SERVICE FEES

CITY agrees to pay CONSULTANT the following service fees during the term of this Agreement:

Medical Only claims @ \$125 each

Indemnity claims @ \$725 each

Open Indemnity claims beyond the first service year @ \$90 each

Based on current open claims and estimated new claims annual amount of \$47,210.

Service fees are due and payable by CITY at the beginning of each month for which services are to be performed. CONSULTANT will furnish CITY with a monthly billing.

The foregoing service fees do not include Allocated Loss Expense which shall be the responsibility of CITY. "Allocated Loss Expense" shall mean all Workers' Compensation Appeals Board or Court costs, fees and expenses; fees for service of process; fees to attorneys; the cost of services of undercover operatives, investigators, and detectives; the cost of employing experts for the purpose of investigation, preparing maps, photography, diagrams, chemical or physical analysis or giving expert advice or opinions involving chemical or physical questions, the cost of copies of transcribed testimony at coroners' inquests or criminal or civil proceedings; the cost of obtaining copies of any public records; the cost of depositions and court reporter or recorded statements; and any similar costs or expenses properly chargeable to the defense or investigation of a particular claim or to protection of the subrogation rights of CITY.



CITY COUNCIL STAFF REPORT
MEETING DATE: *March 23, 2005*

**RESOLUTION SUPPORTING RETENTION OF
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

RECOMMENDED ACTION(S): Adopt resolution requesting that Congress retain the CDBG program as a separate and distinct program with FY 2006 funding at the same levels as in FY 2005 including using the current system of allocations; and to send the resolution to both of California's U. S. Senators, our Congressional Representative and the League of California Cities.

Agenda Item # 7

Prepared By:

**BAHS Analyst
Approved By:**

**BAHS Director
Submitted By:**

City Manager

EXECUTIVE SUMMARY: President Bush has proposed a new "Strengthening America's Communities Initiative" which combines 18 grant programs, including CDBG into a single program within the Economic Development Administration. For FY2006, he proposes funding this new program at \$3.71 billion. In FY2005, the CDBG program alone was funded at \$4.355 billion.

Morgan Hill uses its annual grant of CDBG monies to fund primarily on-going and needed social service to the disabled, elderly, youth and lower income segments of our community. Programs currently funded from CDBG include the Dayworkers Service Center, Live Oak Adult Day Services and the El Toro Youth Center.

The City also uses CDBG funds for Capital improvement projects such as the Friendly Inn renovation, ADA park improvements, the Sobrato Transitional Housing project, the El Toro Youth Center expansion and the new Dayworkers Center. All these projects serve low and moderate income households.

A drastic reduction or redirection of CDBG funds would severely impact Morgan Hill's ability to continue to provide these services and projects. The Council's Community and Economic Development Committee and staff are recommending that Morgan Hill join with other cities throughout the nation in requesting that Congress overturn the President's proposal and restore the CDBG program as a separate and distinct program with funding levels and allocation systems as they were for this fiscal year.

FISCAL IMPACT: There is no fiscal impact for taking this action.

RESOLUTION NO.

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL REQUESTING THAT CONGRESS RETAIN THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM AS A SEPARATE AND DISTINCT PROGRAM WITH THE FISCAL YEAR 2006 BUDGET AT FISCAL YEAR 2005 LEVELS INCLUDING THE CURRENT "DUAL FORMULA" SYSTEM OF ALLOCATIONS.

WHEREAS for thirty years America's cities, including both large and small cities in California, have used Community Development Block Grant (CDBG) grants to create jobs, provide affordable housing, eliminate blight, and generate new economic investment; and

WHEREAS CDBG funds have played a critical role in community and economic development in Morgan Hill, and

WHEREAS, CDBG funds have been a powerful economic engine and a job creator, by partially funding housing and transitional housing construction projects, and an expansion of the youth center in Morgan Hill; and

WHEREAS, CDBG funds represent a catalyst for creating more affordable housing, making it possible for Morgan Hill to rehabilitate ownership and rental homes; and

WHEREAS, the CDBG program offers a mechanism for building public infrastructure, whereby Morgan Hill recently used CDBG program funds to provide American Disability Act upgrades in City parks; and

WHEREAS, the CDBG program has increased the quality of life in Morgan Hill, as evidenced by the number of on-going social benefit and educational programs funded by CDBG, including after school tutoring, second harvest food bank meals for the elderly, rental dispute services and shelter care programs; and

WHEREAS, the President has proposed a new "Strengthening America's Communities Initiative" which combines 18 direct grant programs, including CDBG, into one within the Economic Development Administration (EDA); and

WHEREAS, at \$3.71 billion, the new program (which combines 18 programs) is nearly \$1 billion less the current CDBG program alone; and

WHEREAS, without proper funding for CDBG, we risk undermining the economic well being of our communities, the future generations that live there, and the nation as a whole.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY of MORGAN HILL that we hereby request that Congress enact a FY 2006 budget and appropriations package that funds CDBG formula grants at no less than \$4.355 billion, which is level with FY 2005 allocations; and

RESOLVED FURTHER, that Congress maintain the CDBG as a separate and distinct program from other economic development programs that provides a direct and flexible source of funding to local governments; and

RESOLVED FURTHER, that Congress maintain the current "dual formula" system where 70 percent of CDBG funds go to entitlement communities based on population; and

RESOLVED FURTHER, that the City Manager is directed to send copies of this resolution to Senator Barbara Boxer and Senator Dianne Feinstein, Congressman Richard Pombo and to the League of California Cities, Attention: Genevieve Morelos, 1400 K Street, 4th Floor, Sacramento, CA, 95814.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 23rd day of March, 2005 by the following vote:

AYES:	COUNCIL MEMBERS:
NOES:	COUNCIL MEMBERS:
ABSTAIN:	COUNCIL MEMBERS:
ABSENT:	COUNCIL MEMBERS:

☛ CERTIFICATION ☛

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No., adopted by the City Council at a Special Meeting held on March 23, 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT
MEETING DATE: March 23, 2005

Agenda Item #8

Prepared By:

**Recreation &
Community Services
Manager**

Submitted By:

City Manager

**PUBLIC-PRIVATE PARTNERSHIP OF THE OUTDOOR
SPORTS COMPLEX REQUEST FOR PROPOSALS
SUBMITTAL**

RECOMMENDED ACTION(S):

Confirm evaluative process with the sole applicant.

EXECUTIVE SUMMARY:

At the City Council meeting of January 5, 2005, staff was directed to proceed with request for proposals for potential public-private partnership of the operations and capital development of the proposed outdoor sports complex. The request for proposals were released on February 7, 2005 and 12 proposals were distributed, two by request. The deadline for submittal was March 15 when one proposal was received. The proposal is from The Coliseum Recreation Group, LLC.

A section of the request for proposals outlined the selection process which included a list of evaluative criteria, financial capacity to perform, and proposed schedule. In the request for proposals it was suggested that interviews would be held by a selection committee consisting of representatives of City Council, Parks and Recreation Commission, and City staff that will make a recommendation to the City Council based on the interview and the staff's evaluation of the submitted materials. Since there was only one proposal received, staff would like to perform an evaluation of the proposal based on the listed criteria. Once staff has evaluated the material and met with the proposers staff will return to Council with a recommended action.

In regards to schedule, staff is recommending that an initial evaluative review of the materials be completed and interview with the proposers within the next +/- 30 days. Staff will then return to Council with an assessment and recommendation whether to move forward into negotiations; or bring forward issues requiring further analysis; or to discontinue the process.

FISCAL IMPACT: Undetermined at this time but intent is to provide a funding source for the operational costs of the Outdoor Sports Complex.



CITY COUNCIL STAFF REPORT
MEETING DATE: March 23, 2005

**COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
ANNUAL ALLOCATION (FY2005-2006)**

RECOMMENDED ACTIONS:

1. Conduct Public Hearing.
2. Adopt Resolution for Appropriation of FY2005-2006 CDBG Funds.
3. Appropriate carry-over of approximately \$12,773 from FY04-05.
4. Authorize the City Manager to do everything necessary for the implementation of the CDBG Program including execution of all required contracts.

EXECUTIVE SUMMARY: The City of Morgan Hill will receive \$156,491 in CDBG funds for FY2005-2006. Of this amount, \$36,681 can be used for Public Services, \$15,000 for program administration, and \$104,810 can be used for Non-Public Services activities (e.g., park improvements). Last year, the City of Morgan Hill received about \$172,000 in CDBG funds.

This application cycle we received 13 proposals requesting CDBG funds. Eleven (11) of the proposals are for Public Services funds and two (2) proposals are for the Non-Public Services funds. The public service proposals are requesting a total of \$123,029 in CDBG Funds.

Last year, the City/Agency continued to supplement CDBG funds for public service activities with a total of \$77,021 from the RDA 20% Housing Set-Aside, Senior Housing Trust, and Housing Mitigation Funds. For FY05-06, we are recommending that the \$36,681 for public service activities be augmented with \$12,773 in CDBG funds unused from previous years. Specifically, these funds were allocated to the Lighthouse Youth Outreach program in FY03-04 and FY04-05. However, despite repeated efforts, the Lighthouse has been non-responsive to staff requests to submit an executed agreement and the documentation needed to be reimbursed for their costs. As a result, we are recommending that the funds be "rolled over" to FY05-06 and be allocated to programs in lieu of senior housing trust funds and to give some programs a slight increase in funding from previous years. In general, we are recommending that the City continue its support at previously or slightly above previously funded levels (see Table A for recommendations).

For the Non-Public Services funds, we are recommending \$55,000 be allocated to the Galvan Park Improvement Project to complete the remaining improvements and \$50,000 be allocated to the Sobrato Transitional Center. Please note that the Galvan Park funds replace the funds reprogrammed to the Day Worker Center project. We are also recommending that the Council appropriate \$14,810 for administrative costs (\$190 of administrative costs were allocated to the Sobrato Transitional Center to fully fund its request).

FISCAL IMPACT: If approved, \$169,264 in CDBG (includes roll over funds), \$56,000 in RDA 20% Set-Aside and \$15,000 in Housing Mitigation Funds will be incorporated into the City/Agency's FY2005-05 budget.

Agenda Item # 9

Prepared By:

Municipal Services Assist.

Submitted By:

BAHS Director

Approved By:

City Manager

TABLE A

NON-PUBLIC SERVICES FUNDING REQUESTS				
PROJECT	CDBG/OTHER FUNDS RECEIVED FY2004-2005	CDBG FUNDS REQUESTED FY 2005-2006	CDBG FY05-06 FUNDING RECOMMEND.	OTHER FUNDING RECOMMEND.
Galvan Park Improvements (City of Morgan Hill)	\$50,000 CDBG	\$55,000	\$55,000	
Sobrato Transitional Center (Emergency Housing Consortium)	\$50,000 FY03-04 CDBG	\$50,000	\$50,000	
TOTAL NON-PUBLIC SERVICES:		\$105,000	\$105,000	-0-
PUBLIC SERVICES FUNDING REQUESTS				
Day Break Respite Program (Catholic Charities)	\$8,600 Senior Trust (\$3,606) and CDBG (\$4,996)	\$8,600	\$8,600	0
Long Term Care Ombudsman (Catholic Charities)	\$2,415 Senior Housing Trust	\$5,000	\$4,500	0
Shared Housing @ Depot Commons (Catholic Charities)	\$15,000 RDA 20%	\$15,000	0	\$15,000 (RDA 20%)
Operation Brown Bag (Second Harvest Food Bank)	\$3,465 CDBG	\$5,490	\$4,165	0
La Isla Pacific Shelter for Battered Women (Community Solutions)	\$16,000 RDA 20%	\$16,000		\$16,000 (RDA 20%)
Homeless Shelter & Services (Emergency Housing Consortium)	\$15,000 Housing Mitigation Fund	\$15,000		\$15,000 (Housing Mitigation Fund)
Adult Day Care (Live Oak Adult Day Services)	\$3,990 CDBG	\$4,189	\$4,189	0
El Toro Youth Center/Friday Night Jams (Community Solutions)	\$15,500 CDBG	\$15,500	\$15,500	0
Tenant-Landlord Dispute Resolution (Project Sentinel)	\$25,000 RDA 20%	\$26,250	\$25,000	\$25,000 (RDA 20%)
South Valley Day Worker Center (St. Catherine's Parish)	\$5,000 CDBG	\$5,000	\$5,000	0
Youth Transportation (City of Morgan Hill)	\$7,346 CDBG	\$7,500	\$7,500	0
TOTAL PUBLIC SERVICE		\$123,029	\$49,454	\$71,000

Total FY2005-2006 CDBG Public Services Funds Available:	\$ 36,681
Total FY2004-2005 Roll-Over Public Service Funds Available:	<u>\$ 12,773</u>
Sub-Total CDBG Public Services:	\$49,454

Total FY2005-2006 Admin Funds Available:	\$ 15,000
Total FY2005-2006 CDBG Non-Public Services Funds Available:	\$104,810
TOTAL CDBG AVAILABLE FOR FY2005-2006:	\$169,264

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MORGAN HILL AUTHORIZING SUBMITTAL OF FUNDING
PROPOSALS FOR THE FISCAL YEAR 2005-2006 FOR THE
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)
PROGRAM.**

WHEREAS, the primary purpose of the CDBG program is to benefit low and moderate income individuals and families and the needs of senior citizens; and

WHEREAS, the City of Morgan Hill has received an allocation of \$156,491 in CDBG funds for Fiscal Year 2003-04; and

WHEREAS, the City of Morgan Hill may use up to \$36,681 of its Fiscal Year 2005-06 CDBG allocation for "Public Services" and up to \$15,000 for administrative costs; and

WHEREAS, the City of Morgan Hill will have \$12,773 in unexpended funds from FY04-05; and,

WHEREAS, the City will roll over the unexpended funds from FY04-05 to FY05-06; and

WHEREAS, the City Council held a public hearing on March 23, 2005 regarding the Fiscal Year 2005-06 Morgan Hill CDBG Program funds and has allocated the funds as follows:

COMMUNITY DEVELOPMENT BLOCK GRANT FUNDS (\$156,491 and \$12,773)

FY05-06

FY04-05 Roll-over (EST.)

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morgan Hill, hereby authorizes the City Manager to take all necessary steps to submit and implement the 30th year allocation plan including execution of all required contracts.

PASSED AND ADOPTED by the City Council of Morgan Hill at a Special Meeting held on the 23rd Day of March, 2005 by the following vote.

AYES: COUNCIL MEMBERS:
NOES: COUNCIL MEMBERS:
ABSTAIN: COUNCIL MEMBERS:
ABSENT: COUNCIL MEMBERS:

🏛️ CERTIFICATION 🏛️

I, IRMA TORREZ, CITY CLERK OF THE CITY OF MORGAN HILL, CALIFORNIA, do hereby certify that the foregoing is a true and correct copy of Resolution No. , adopted by the City Council at a Special Meeting held on March 23, 2005.

WITNESS MY HAND AND THE SEAL OF THE CITY OF MORGAN HILL.

DATE: _____

IRMA TORREZ, City Clerk



CITY COUNCIL STAFF REPORT

MEETING DATE: March 23, 2005

PROPOSED VTA LONG-TERM TRANSIT CAPITAL INVESTMENT PROGRAM

RECOMMENDED ACTION: Hear presentation from VTA Staff on proposed Long-Term Transit Capital Investment Program and provide a position on the proposed plan.

EXECUTIVE SUMMARY: The VTA Board of Directors will soon be presented with a draft Long-Term Transit Capital Investment Program for VTA improvement projects and capital investments over the next 30 years. VTA is seeking a position on the proposed plan from all cities in Santa Clara County.

The Long-Term Transit Capital Investment Program describes VTA's planned improvement projects and capital investments over the next 30 years and is broken into two components: (1) transit improvement projects in the 2000 Measure A Transit Program, and (2) ongoing transit capital investments necessary to support basic transit services.

The investment program proposed will deliver all projects in 2000 Measure A, provides for future service increases, and maintains VTA's existing and future bus and light rail fleet. The program's scope and schedule are dependent upon new revenues resulting from a new permanent 1/2-cent sales tax which would become available in April of 2007. The new sales tax will have to be approved by voter initiative in 2006.

Attached are key excerpts from the proposed expenditure plan to help the Council understand the make-up of the plan and to provide more detail of individual projects. Projects in the proposed investment program that directly affect the South County area include double tracking and electrification in support of increased Caltrain service to Morgan Hill and Gilroy. Council members will receive a full copy of the draft plan prior to this meeting.

The Council Regional Planning and Transportation Sub-committee discussed the proposed plan at their March 11, 2005 meeting and asked that VTA staff present the plan to the full Council. Tonight, VTA staff will present the proposed investment program.

VTA requests that upon hearing the presentation, a position be taken by the City Council on the proposed Long-Term Transit Capital Investment Program.

FISCAL IMPACT: There is no fiscal impact with this action.

Agenda Item # 10

Prepared By:

Deputy Director PW

Approved By:

Department Director

Submitted By:

City Manager



CITY COUNCIL STAFF REPORT

MEETING DATE: *March 23, 2005*

Agenda Item # 11

Approved By:

Director of BAHS

Submitted By:

City Manager

LEASE WITH SOLARA ENERGY

RECOMMENDED ACTION(S): 1) Authorize the City Manager to negotiate, prepare, execute, and implement a five year lease agreement with Solara Energy to lease the 6,080 sq. ft. space adjacent to the Police Station at 16200 Vineyard Blvd., subject to the terms stated below, and 2) Appropriate \$40,000 from the police facility bond proceeds to fund the City's improvements needed to lease the space.

EXECUTIVE SUMMARY: Over the past several months, the City has been trying to find a tenant to lease the vacant 6,080 sq. ft. adjacent to the new police station. While several companies have expressed interest, we have come to terms with Solara Energy to relocate its operations from Gilroy to Morgan Hill. Solara Energy is a provider of renewable power generation systems. Their products include solar panels, wind turbines, and fuel cells for a variety of business, recreational, and residential. uses. The company would conduct light assembly of components on site.

The general business terms are as follows:

- Solara is responsible for installing all tenant improvements (TI's) which must be pre-approved by the City. However, the City is responsible for installing a roll-up door and constructing a dumpster for Solara. We estimate the roll-door and dumpster would cost upwards of \$25,000 and \$10,000 to construct, respectively. Please note we would need to install these improvements to attract any user to lease the space.
- The lease rate reimburses Solara for the costs of installing the TI's instead of the City paying for the TI's upfront. Typically, a lessor will have a TI allowance that is built into the lease rate. TI allowances will range from \$10 to \$20/sq. ft. depending on the condition of the space. This space will require flooring, some painting, drop ceiling and draft wall, some HVAC and electrical work, and other miscellaneous work.
- The lease is a triple net lease (NNN) meaning Solara would be responsible for its share of common area maintenance costs, insurance, taxes, and utilities. The following is the proposed lease rate beginning April 1, 2005:
 - Yr 1. \$0/sq. ft./month plus NNN costs
 - Yr 2. \$.30/sq. ft., NNN (\$21,888/yr)
 - Yr 3. \$.45/sq. ft., NNN (\$32,832/yr)
 - Yr. 4 \$.60/sq. ft., NNN (\$43,776/yr)
 - Yr. 5. \$.75/sq. ft., NNN (\$54,720/yr)
- Solara wants an option to extend for two five (5) year periods. These extensions would be upon mutual agreement and subject to a new lease rate negotiated at that time.

This lease reflects the current market for similar space in town and provides an opportunity for a small company to expand its future operations in Morgan Hill.

FISCAL IMPACT: The City will need to appropriate \$40,000 from the remaining \$170,000 in police facility bond proceeds to construct the dumpster and roll-up door: \$35,000 for the estimated costs of improvements and \$5,000 as a contingency reserve. The police facility will benefit from these improvements over the long term. This \$40,000 investment results in a return of \$150,000 in lease payments over a 5 year period. This return would increase if the lease is extended in the future.



CITY COUNCIL STAFF REPORT

MEETING DATE: March 23, 2005

APPROVE PURCHASE AND INSTALLATION OF SECOND SLIDE FROM WHITEWATER WEST INDUSTRIES AND CALIFORNIA COMMERCIAL POOLS FOR AQUATICS CENTER

RECOMMENDED ACTION: To be presented at the meeting.

Agenda Item # 12

Prepared By:

Senior Project Manager

Approved By:

Public Works Director

Submitted By:

City Manager

EXECUTIVE SUMMARY: The Aquatics Center project was completed in June, 2004. On February 16, 2005 the City Council approved a \$600,000 list of "Capital Expenditures with potential return on investment." One of the larger items was the addition of the second water slide to the existing tower. This second water slide was originally a part of the project. To keep our options open, staff and the Aquatics Subcommittee selected certain items that could easily be "taken out" of the project bid as an alternate. Unfortunately, when bids came in over budget, the City chose not to accept the alternate item of the second slide. This resulted in a \$106,247 "value engineering" savings at the time. The entire tower was constructed and all footings installed anticipating that sometime in the future the City would choose to add the second slide.

Whitewater West Industries designed and built the slide tower and first slide as a subcontractor to California Commercial Pools, who in turn became a subcontractor to Gonsalves & Stronck Construction. As the tower and second slide supports were designed and built by Whitewater, it is necessary to have them also design and build the second slide since only a Whitewater slide will fit the existing supports.

As of the writing of this staff report, staff is still working with Whitewater and California Commercial Pools on a complete bid quotation; the final quotes will be presented at the Council meeting. At this time, adding in two years of inflation and the loss of economies of scale of building the two slides at the same time, we believe the final total price will be approximately \$125,000.

At the Council meeting, staff will recommend that in accordance with Section 3.04.150A of City Code the Council determine that competitive bids upon notice would not likely result in a lower price for the City from a responsible bidder, or would cause unnecessary expense or delay under the circumstances.

FISCAL IMPACT: A total of \$600,000 was appropriated by Council on February 16, 2005 to fund this and other Aquatics Center improvements.



CITY COUNCIL STAFF REPORT

MEETING DATE: March 23, 2005

Agenda Item # 13

Prepared By:

**Council Services &
Records Manager**

Submitted By:

City Manager

REQUEST FOR SPONSORSHIP OF THE 26TH ANNUAL MORGAN HILL MUSHROOM MARDI GRAS EVENT

RECOMMENDED ACTION(S): Consider request by Morgan Hill Mushroom Mardi Gras for \$10,000 Sponsorship of the 26th Annual Mushroom Mardi Gras Event.

EXECUTIVE SUMMARY:

A request has been made by Sunday Minnich, the 2005 Event Coordinator for the 26th Annual Morgan Hill Mushroom Mardi Gras event, for City sponsorship. The Mushroom Mardi Gras event is scheduled to take place on Saturday and Sunday, May 28 and May 29, 2005. Ms. Minnich is requesting that the City of Morgan Hill partner and sponsor this year's event. In the letter to the Council dated March 14, 2005 (attached), Ms. Minnich is requesting that the City of Morgan Hill appropriate \$10,000 in sponsorship fees to assist with permit and city service fees and for the general costs associated with putting this event together.

The City's financial records do not show that the City of Morgan Hill has provided financial assistance toward the Mushroom Mardi Gras event in the past eight years. Due to the planned construction of the Indoor Recreation Center, the Mushroom Mardi Gras festivities have been moved from the Community Park to the downtown. Mushroom Mardi Gras does not plan to charge for admission to the downtown venue.

Research has also shown that the City has not provided the Chamber of Commerce with financial assistance for the annual Taste of Morgan Hill event.

There is \$11,164 remaining in the Community Promotions' Fiscal Year 2005-06 budget to provide funding assistance to local non profit organizations. Staff will note that Independence Day, Inc. has indicated that they will be coming before the City Council, in the near future, to request funding assistance for the Fourth of July festivities. They have indicated that they will need the \$11,164 dollars, if not more, to assist with their activities.

FISCAL IMPACT: There is \$11,164 dollars available in the Community Promotions' budget (010-42248-1220) should the Council wish to appropriate \$10,000 and help sponsor the 26th annual Mushroom Mardi Gras Event.



CITY COUNCIL STAFF REPORT

MEETING DATE: March 23, 2005

Agenda Item # 14

Prepared By:

**Council Services &
Records Manager**

Submitted By:

City Manager

9th ANNUAL SACRAMENTO ADVOCACY TRIP

RECOMMENDED ACTION(S): Council Direction

EXECUTIVE SUMMARY:

The City Council has been invited to participate in the 9th Annual Sacramento Advocacy Trip planned by the Silicon Valley Manufacturing Group, now known as the Silicon Valley Leadership Group. The Trip is scheduled for Wednesday and Thursday, April 27 and April 28, 2005. This annual trip is attended by public and private sector representatives who meet with members of the legislature, Constitutional officers, Cabinet officials, and the Governor's office. Issues identified to be addressed and/or discussed include, but are not limited to, the following: K-12 and higher education, traffic relief, affordable housing, energy reliability, environmental quality, and tax and economic vitality in Silicon Valley's efforts toward regaining economic competitiveness.

The City Council has occasionally participated in these advocacy trips in prior years; participating in regional discussions and decision-making with regional groups, committees, agencies and organizations in order to address mutual concerns.

Staff again will note that the Advocacy Trip is scheduled for April 27 and April 28. April 27 is a regular Redevelopment Agency meeting night. Should a majority of the Council members wish to attend and participate in this two-day Advocacy Trip, the Council may wish to discuss whether it would like to reschedule or cancel the April 27 Redevelopment Agency meeting.

FISCAL IMPACT: None



CITY COUNCIL STAFF REPORT

MEETING DATE: March 23, 2005

CLOR-TEC CHLORINE GENERATION SYSTEM SOLE SOURCE REQUEST FOR AQUATICS CENTER CAPITAL IMPROVEMENT PURCHASE AND INSTALLATION

RECOMMENDED ACTION(S): Approve staff's request to sole source the purchase of a chlorine generation system from Severn Trent Services as a recommended item from the capital improvement list for the Aquatics Center.

EXECUTIVE SUMMARY:

On February 16 Council approved funding for a list of capital improvement items that would have repayment periods based on the Aquatics Center operating budget. One of the main items approved was the purchase and installation of the chlorine generation system. Staff has researched the issue and Severn Trent Services is the only source for on-site chlorine generation systems for pools of this size.

Staff is requesting that this item be a sole source purchase and installation also based on the following:

- Only company in California manufacturing the Clor Tech product
- Product has been sole-sourced in a minimum of seven other city/governmental agencies
- Same system expected to be installed at the Indoor Recreation Center resulting in greater staff efficiency in managing and maintaining the systems
- Manufacturer can meet the city schedule without any down time at the facility
- Service center is located in Campbell, CA with a 24 hour/365day operation which will minimize potential down times if service is required.

Funding for the chlorine generation system was approved by Council on February 16, 2005 of \$123,500.

FISCAL IMPACT: Funding of the chlorine generation system is included in the capital improvement budget approved by Council on February 16, 2005 in the amount of \$125,000.

Agenda Item # 15

Prepared By:

Manager, Recreation & Community Services

Submitted By:

City Manager